

## **RAJASTHAN ELECTRICITY REGULATORY COMMISSION**

**In the matter of amendments in:**

- I. RERC (Renewable Energy Obligation) Regulations, 2007.**
- II. RERC (Renewable Energy Certificate and Renewable Purchase Obligation Compliance Framework) Regulations, 2010.**

**Coram:**

**Sh. Vishwanath Hiremath, Chairman**

**Sh. S. Dhawan, Member,**

**Sh. Vinod Pandya, Member**

**Date of Order :**

**30-05-2014**

1. The Rajasthan Electricity Regulatory Commission (RERC), in exercise of powers conferred under Section 86(1) (e) of the Electricity Act, 2003 (Act 36 of 2003) read with Section 181 of the Act, framed the following Regulations to amend Rajasthan Electricity Regulatory Commission(Renewable Energy Obligation) Regulations, 2007 and Rajasthan Electricity Regulatory Commission(Renewable Energy Certificate and Renewable Purchase Obligation Compliance Framework) Regulations, 2010:
  - a. Rajasthan Electricity Regulatory Commission (Renewable Energy Obligation) (2nd Amendment) Regulations, 2014."
  - b. Rajasthan Electricity Regulatory Commission (Renewable Energy Certificate and Renewable Purchase Obligation Compliance Framework) (1<sup>st</sup> Amendment) Regulations, 2014."
2. The draft regulations along with background note were placed on the website of the Commission. Comments from the stakeholders were also invited by the Commission through Public Notice published in the following newspapers:

Times of India : 23-02-2014

Rajasthan Patrika : 22-02-2014

Rashtradoot : 22-02-2014

3. The last date for submission of comments/suggestions by the stakeholders/public was 18.03.2014. The main comments and views expressed by the stakeholders as well as submissions made during the hearing, are placed at Annexure-I.
4. The hearing in the matter was held on 12.05.2014, and the list of stakeholders who participated in the hearing is placed at Annexure-II.
5. The Commission has considered views expressed by the stakeholders through their written submission as well as during the hearing, as below.

**Prescribing separate Solar & Non-Solar RPO target based on capacity in term of MW / Energy consumed in units.**

6. Commission observes that some objectors have supported the proposal to bifurcate overall RPO targets in Solar and Non-Solar category. However it was suggested by them that benchmark capacity for such bifurcation be kept as 5MW instead 10 MW proposed in the draft. M/S Rudraksh Energy opined that for small entity of less than 10 MW, composite RPO is justified as it may not be practicable for them to buy small quantities of power from different types of source. The Commission considers that for smaller entities to enter into PPA for purchase of small quantity of power from different sources may be difficult. Therefore commission decides not to change the benchmark capacity prescribed as 10MW for bifurcation of overall RPO into Solar and Non-Solar category in the proposed regulation.

**Enforcement of prescribed RPO target**

7. It is not correct to say that this Commission is not enforcing RPO. The Commission is enforcing RPO.

**Exclusion of fossil fuel based Co-generation of power based on fossil fuel from RE Power for meeting RPO**

8. The suggestion by M/s Shree Cement Ltd., Ms/ JK Lakshmi Cement Ltd., M/s JK Cement Works, M/s DCM Shriram Ltd, M/s Brila Corporation Ltd., M/s Wonder Cement Ltd., M/s Chambal Fertilizers and Chemicals Ltd. Kota., M/s Ultratech Cement Ltd., M/s Hindustan Zinc Ltd., not to impose RPO on CPP and OA Consumers having Co-generation plants to the extent it is met by Co-generation, has been considered by the Commission. Accordingly the

Commission has decided not to make any amendment in RERC (Renewable Energy Obligation) Regulations, 2007 and RERC(Renewable Energy Certificate and Renewable Purchase Obligation Compliance Framework) Regulations, 2010 relating to Co-generation matter.

**Prescribing RPO Targets:**

9. Commission observes that the RPO targets prescribed are analogous to the targets prescribed earlier for distribution licensees and therefore no change is required in the proposed regulation.

**Treatment for Roof Top/Land mounted solar plants in consumer premises:**

10. The Commission observes that no new provision as suggested by the stakeholders is required in the regulations since any RE power produced by captive RE source for own consumption or taken through open access is considered towards fulfillment of their RPO. As regards the suggestion for metering arrangement of captive RE generation and provision of banking, the Commission observes that the issue raised are not relevant to the proposed amendment.
11. In the light of the foregoing discussion, the finalized Regulation, namely Rajasthan Electricity Regulatory Commission (Renewable Energy Obligation) (2nd Amendment) Regulations, 2014 duly authenticated, placed below, may be got published in the official Gazette.
12. Copy of this order, along with the finalized Regulation, may be sent electronically and/or by post to the State Government, CEA, concerned Utilities and other stakeholders.

(Vinod Pandya)  
Member

(S. Dhawan)  
Member

(Vishwanath Hiremath)  
Chairman

## Annexure-I

### Summary of Main suggestions/Comments received from Stakeholders and submissions made during hearing, on Proposed amendment in:-

- I. RERC (Renewable Energy Obligation) Regulations, 2007.
- II. RERC (Renewable Energy Certificate and Renewable Purchase Obligation Compliance Framework) Regulations, 2010.

Obj. No.	Stakeholders	Suggestion/ Comments
1	Rudraksh Energy	Supported the proposed RPO targets and Source wise (Solar & Non Solar) bifurcation of targets for capacity 10 MW & above to ensure balanced development of various RE sources, however suggested that effective monitoring of compliance of RPO by Nodal Agency is essential. During hearing suggested that quarterly report on compliance of RPO by Obligated Entities be placed on its website by the Nodal Agency.
2	Ms. Navin Verma, Jodhpur.	RPO targets must be 20% as we are facing climate change problem. In Rajasthan Solar potential is enormous and even 1% is not tapped so far.
3	M/s Surya Chamball Power Ltd.	The solar power generated by roof top or land mounted Solar PV Plants setup by Industrial units for their own use may be approved by Commission for fulfillment of RPO.
4	S. Shanti Prasad, Jaipur.	As per prescribed RPO targets for FY 14-15, a 10 MW consumer with LF of 60 % will require solar plant of 390 KW capacity. This capacity may increase to 650 kW for FY 16-17. There cannot be exact matching of solar generation with consumer load at all instants. The Commission may consider specifying that such inadvertent injection (say up to 10% of plant capacity) will be deemed to be banked. He also suggested two systems for metering of such solar power into the grid.
5	Sh. Jitendra singh, Jaipur.	While prescribing the RPO targets, the Commission has exempted CPP & OA consumers below 10 MW from meeting Solar RPO separately. This is discriminatory. The Commission should link RPO with consumption in units and not capacity as kW. Since REC is available in term of energy i.e. one REC of every 1000 kWh, a CPP consuming 70,000 kWh in a year at 1.5% RPO will need 1050 kWh of RE power. He can buy one REC. Therefore it would be fare to exempt OA and CPP consumers upto 70,000 kWh consumption rather than below 10 MW. The APTEL at para 35(4) of order in appeal no. 92 of 2013 and IA no. 151 of 2013 stated that <i>"The State Commission can specify RPO/SPO on the total consumption of distribution licensee and not selectively and directly on some categories of consumers of the distribution licensee ----- order is</i>

		<p><i>discriminatory to some categories of consumers."</i></p> <p>The Commission should consider specifying exemption limit of 70000 units instead of 10 MW</p>
6	The Rajasthan Textiles Mills Association, Jaipur.	<p>RTMA has already challenged the order of Hon'ble High Court on applicability of RPO in Rajasthan on CPP and OA consumers and the matter is pending in Hon'ble Supreme Court. Since 97% of power is being handled by the Discoms, therefore it is not going to make a substantial difference for promotion or RE, if CPPs are exempted. However without prejudice to their stand in court, they submit following suggestion:</p> <ol style="list-style-type: none"> <li>I. Solar power is still at developing stage and costlier, as such buying of solar power/solar REC will be an additional burden on CPP/OA consumers.</li> <li>II. Co-Generation and WHR power is recognized as Renewable Power, and as such the same should be allowed for fulfillment of RPO.</li> <li>III. The RPO proposed are quite high.</li> </ol> <p>The Commission should not amend the regulation till Supreme Court gives judgment.</p> <p>During hearing the Association representative submitted that their members are drawing the power from Power Exchange. this power may be combination of Hydel or Wind or others sources. More over their members have installed their own Wind generators and thus meeting the combined RPO.</p>
7	Indian Wind Power Association.	<p>There is already significant delay in implementation of RPO Regulations of 2007 &amp; 2010 by Obligated Entities. The Commission may specify time line of 30 days for State Agency to Complete the work of identification, data compilation &amp; monitoring. The delay in implementation of RPO mandate has contributed to increase in REC inventory. Therefore, in case of default, the Commission may invoke the default provisions for effective enforcement.</p>
8	REConnect Energy Solutions Pvt. Ltd.	<p>The proposed change in regulation for separate Solar obligation for capacity of 10 MW is in-consistent with practice followed by other States. Further as given in background note, Solar installations in State have undergone sea-change. Appropriate Solar RPO and its strict compliance will facilitate its development. A significant majority of CPP &amp; OA Consumers are below 10 Mw. They should also be tied up with Solar RPO.</p>
9	M/s Shri Cement Ltd.	<p>We have installed waste heat recovery power plant by investing huge amount to fulfill RPO as per existing provision, therefore proposed change have serious implication on us</p> <p>. The change is proposed taking reliance on judgment of APTEL 2-12-2013. The judgment of APTEL is to be understood in perspective and context of question framed which is relevant to Discoms. The said order has not dealt with position w.r.t. co-generation of CPP/OA consumers.</p>

		<p>This remains unchanged.</p> <p>The Supreme Court follows the doctrine of prospective overruling (Referred Judgments in AP Tourism Development Corporation Ltd. Vs Pampa Hotels Ltd., (2010) SSCC425 and Ashok Kumar Gupta Vs. State of U.P. (1997) 5SCC 201. RPO proposed is high. Be kept at par with other States.</p> <p>It was further submitted that Commission should either amend the definition carving out an exception for captive power plants/open access consumers fulfilling as Renewable Purchase obligation through cogeneration like Chattisgarh ERC and MERC. Waste Heat Recovery Power Generation in Cement Industry qualifies to be categorized as environmentally benign and needs to be given preference. The principle has been accepted by CERC in Statement of Reasons of RE Tariff Regulations, 2009.</p> <p>As per harmonious construction cogeneration can still be a valid manner/instrument to fulfill RPO for obligated entities such as OA and CPPs.</p> <p>As per national Tariff Policy, Solar RPO will go upto 0.25% by the end of 2012-13 and further upto 3% by 2022. However, Commission has proposed to impose an obligation of 1.5% in 2014-15, which is extremely high and one of the highest in the country in comparison to all other states. Cost of Solar power as well as the Solar REC is extremely high.</p> <p>It may be clarified whether benchmark capacity of 10 MW to determine applicability of total RPO of Solar and Non Solar RPO shall be determined on the basis of total consumption, place of consumption, generation or open access consumption unit.</p> <p>During hearing submitted that they have their own WHR system. The section 86(1)(e) has mandated for the Commission to promote co-generation and generation of electricity from renewable sources of energy. They have also referred to the earlier decisions of APTEL. In case of M/s Century, M/s Emami, M/s Hindalco etc. and contended that these decision are unchanged and the decision in Lloyds Metal case is in respect of distribution licensees relating to purchase of power from fossil fuel based co-generation with preferential tariff.</p>
10	M/s JK Lakshmi Cement Ltd.	<p>We have installed waste heat recovery power plant by investing huge amount to fulfill RPO as per existing provision, therefore proposed change have serious implication on us. Why this facility be denied to the CPP's after so many years.</p> <p>. The change is proposed taking reliance on judgment of APTEL 2-12-2013. The judgment of APTEL is to be understood in perspective and context of question framed which is relevant to Discoms. The said order has not dealt with position w.r.t. co-generation of CPP/OA consumers.</p>

		<p>This remains unchanged.</p> <p>Our limited request is that electricity produced from our Co-generation through waste heat recovery mechanism should continue to be treated towards RPO as in the past.</p> <p>During hearing Sh. P.N. Bhandari submitted that the commission has multi-faceted jobs i.e. promotion of RE, protection of Consumers interest and also the healthy growth of CPP etc. The Electricity Act under section 2(12) defines co-generation of Electricity without any distinction of fuel and 86(1)(e) requires Commissions to promote both co-generation as well as generation of RE sources. Therefore a balance has to be made by the Commission.</p>
11	M/s JK Cement Works	As above
12	M/s DCM Shriram Ltd.	As above
13	M/s Birla Corporation Ltd.	As above
14	M/s Wonder Cement Ltd.	As above
15	M/s Chambal Fertilizers and Chemicals Ltd. Kota.	As above
16	M/s Ultratech Cement Ltd.	As above
17	M/s Hindustan Zinc Ltd.	As above
18	Rajasthan Discoms	<p>As per Judgment of APTEL <i>electricity produced from fossil fuel</i> based co-generation is not considered as RE, but co-generation from other sources may come under RE. Therefore it is proposed that instead of deleting the words "and includes co-generation" from the regulation, only "the energy produced from fossil fuel" should be excluded from the aforesaid regulations</p> <p>Rajasthan Discoms be permitted to meet RPO in term of Solar &amp; Non-Solar like CPP's as against Wind, Biomass &amp; Solar</p>
19	Sh. Rajeev Kothari, Jaipur	State Agency has not lived up to the role & responsibility assigned resulting in very lax attitude by CPP's. The Commission should lay strict performance standards for State Agency
20	ReNew Power Ventures Pvt. Ltd.	<p>(i) Capacity of 5 MW and above be specified for bifurcation as Solar &amp; Non Solar</p> <p>(ii) Support exclusion of co-generation from RE purchase.</p> <p>(iii) Regarding deletion of provision of RE surcharge we propose that Regulation 5 of RERC (Renewable Energy Obligation) Regulations, 2007 be replaced by following words- "consequences of default in fulfilling the prescribed RPO shall be dealt in accordance with RERC (Renewal Energy Certificate and renewable Purchase Obligation compliance framework ) Regulation, 2010 as amended from time to time"</p> <p>(iv) Need for strict enforcement of RPO compliance:</p>

21	Rajasthan Renewable Energy Corporation (RREC)	<p>Sought clarification regarding applicability on CPP/OA consumers having Standby DG sets of 1000-1200 kVA with power factor varying from 0.8 to 1.0, which result output of less than 1 MW or more than 1 MW</p> <p>OA consumers draw power for short periods with variation in MW capacity. Whether the obligation to be considered as per their actual maximum drawl of power or capacity indicated in NOC.</p> <p>The solar and non-solar RPO be kept similar on capacity of 1 MW and above.</p>



**Rajasthan Electricity Regulatory Commission**

**List of Stakeholders who participated in the hearing held on 12.5.2014.**

1. Sh. M.G. Ramachandran, Advocate. , Shree Cement Ltd.
2. Sh. D.S. Agarwal, Consultant, Rudraksh Energy.
3. Sh. V.K. Gupta, Cunsultant, Rudraksh Energy.
4. Sh. Vinay Mehta, Jt. Vice President, DCM shriram Ltd.
5. Sh. Vinoo Mehta, Vice President, DCM Shriram Ltd.
6. Sh. S S Khandelwal, Company secretary Shree Cement Ltd.
7. Sh. Amar jit Singh, GM Shree Cement Ltd.
8. Sh. Jaideep Charan, Asst. Manager, DCM shriram Ltd.
9. Sh. N.K. Bahedia, Dy.Cord.(commercial) RSWM Ltd.
- 10.Sh. S.K. Gupta Secretary RTMA
- 11.Sh. Rajesh Mathur, SE(RA), JVVNL.
- 12.Sh. S.T. Hussain, AEn JVVNL.
- 13.Sh. S.K. Goyal, TM, RREC.
- 14.Sh. Arijit Banerjee, AM, Global Energy.
- 15.Sh. N.K. Sharma, Consultant, RREC.
- 16.Sh. R.C.Menon, Associate. Manager,HZL.
- 17.Sh. P.N. Bhandari, Adv.HZL&others.
- 18.Sh. S.K. Baswal, GM, RREC.
- 19.Sh.A.K. Sharma, T.M, RREC.

# **RAJASTHAN ELECTRICITY REGULATORY COMMISSION**

## **NOTIFICATION**

**Jaipur, May 2014**

No. RERC/Secy/Regulation-

In exercise of the powers conferred under Section 86(1)(e) read with section 181 the Electricity Act, 2003 and all powers enabling it in this behalf the Rajasthan Electricity Regulatory Commission after previous publication, makes the following Regulations, to amend Rajasthan Electricity Regulatory Commission (Renewable Energy Obligation) Regulations, 2007, namely:

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

- (1) These regulations shall be called the "Rajasthan Electricity Regulatory Commission (Renewable Energy Obligation) (2nd Amendment) Regulations, 2014."
- (2) These Regulations shall come into force from date of publication in the Official Gazette.

### **2. Amendment in regulation 2:**

The existing regulation 2 "Definitions" shall be replaced as under:

#### **2 Definitions**

- (1) In these regulations unless the context otherwise requires ;
  - I. Captive power plants or 'CPP' shall have the same meaning as assigned in RERC (CPP) Regulations 2010.
  - II. Renewable Energy or 'RE' shall have meaning as assigned in RERC (Terms and Conditions for Determination of Tariff) Regulation, 2004 as amended from time to time & shall include cogeneration.
- (2) All words & expressions appearing in these regulations shall bear the same meaning assigned to them in the following order:
  - (I) The RERC (CPP) Regulations, 2010
  - (II) The RERC (Terms and Conditions for Open Access) Regulation 2004
  - (III) The Electricity Act, 2003.

### 3 Amendment in regulation 4:

The table in existing sub regulations 4(2) shall be replaced by the following:

(A) **CPP & OA Consumers with total capacity of 10 MW & above:**

S.No	Year	Obligation expressed as percentage of energy consumption (%)		
		Non- Solar	Solar	Total
1	2014-15	7.50	1.50	9.00
2	2015-16	8.20	2.00	10.20
3	2016-17	8.90	2.50	11.40

(B) **CPP & OA Consumers with capacity of 1MW and above, but less than 10 MW:**

S. No.	Year	Obligation expressed as percentage of energy consumption (%)
1.	2014-15	9.00
2.	2015-16	10.20
3.	2016-17	11.40

By order

(G.K. Sharma)  
Secretary