

APERC Renewable Power Purchase Obligation (Compliance by purchase of Renewable Energy/Renewable Energy Certificates) Regulations, 2022

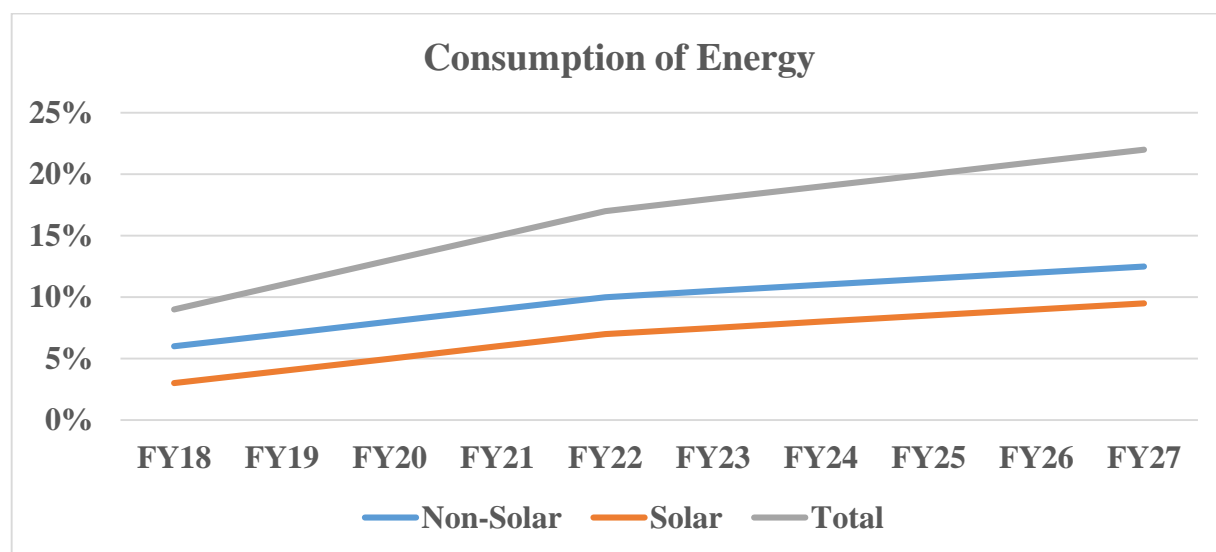
APERC notified a Draft on “APERC Renewable Power Purchase Obligation (Compliance by purchase of Renewable Energy/Renewable Energy Certificates) Regulations, 2022” on 17th March, 2022. The key highlights of the draft are mentioned below:

Renewable power can be purchased by Distribution Licensees, Open Access Consumers, and captive generating plants (with an installed capacity of one MW or more and connected to the grid) to meet their Renewable Power Purchase Obligation (RPPO) from:

- Roof-top Solar PV System, if such consumer is an obligated entity.
- Distribution Licensees can purchase renewable energy from other Distribution Licensees.
- Renewable Energy Certificates.
- Solar as a renewable energy source can be fulfilled through solar energy or solar certificates only on achievement of Solar RPO compliance to the extent of 85% and above, the remaining shortfall, if any, can be met by excess non-solar energy consumed beyond specified non-solar RPO and vice-versa.
- Renewable energy sources bundled with coal/lignite based thermal generation.
- Distribution Licensees shall compulsorily procure 100% power produced from all the Waste-to-Energy plants in the State.
- There shall be no separate Renewable Power Purchase Obligation on the RESCOs.
- Power procured by the Open Access Users from 3rd party generators under Power Wheeling and Purchase Agreement (PWPA) is exempted from RPPO.
- Any generating plant not meeting the eligibility condition for a Captive Consumers as prescribed in Indian Electricity Rules, 2005, but having self-consumption, is also required to meet RPPO.

Minimum quantity of electricity expressed as a percentage of its consumption of energy, during FY 2022-23 to FY 2026-27 are mentioned below:

	FY-18	FY-19	FY-20	FY-21	FY-22	FY-23	FY-24	FY-25	FY-26	FY-27
Non-Solar	6%	7%	8%	9%	10%	10.50%	11%	11.50%	12%	12.50%
Solar	3%	4%	5%	6%	7%	7.50%	8%	8.50%	9%	9.50%
Total	9%	11%	13%	15%	17%	18%	19%	20%	21%	22%



The regulation can be accessed [here](#).

CER Opinion

1. **Renewable Purchase Obligation (Section 3):** states *“Provided that the obligation will be on total consumption of electricity by a Distribution Licensee/Open Access User/Captive User, excluding consumption met from Renewable Energy Sources and hydro sources of power other than mini hydel sources of power”*.

Section 86(1)(e) mandates the SERCs to specify a percentage of total consumption in the area of the licensee to be sourced from renewable energy sources. Redefinition of ‘total consumption’ to exclude consumption from RES suggests a departure from the provision of the Act and should be restored.

2. **Purchase Obligation from Waste-to-Energy plants (Section 3(3.1)):** Draft Regulation States that *“Distribution Licensees shall compulsorily procure 100% power produced from all the Waste-to-Energy plants in the State”*. This may be rephrased to *‘Distribution Licensees shall compulsorily procure 100% power produced from all the Waste-to-Energy plants in the area of supply of distribution licensees’*.

In the case of multiple distribution license areas within a state, what proportion of electricity generated from WTE plants needs to be procured by the respective distribution licensee. Will each of the discom be liable to ensure ‘proportional’ procurement ensuring 100% procurement from WTE plants within the state? Will the discom, in whose area the WTE is located, be required to procure 100% electricity generated from WTE sources? Clarification in this respect would reduce regulatory uncertainty.

3. **Consumer owing Captive Generating Plant (Section 3(3.3)):** states *“Every consumer owning a captive generating plant of installed capacity of One (1) MW and above and Connected to the Grid, shall purchase Renewable Energy Certificates...”*, read with the first proviso *“Provided that the purchase of energy from renewable energy sources shall also be treated as the fulfilment of the Renewable Power Purchase Obligation (RPPO) prescribed herein (emphasis added)”* suggests that RPO is to be primarily met from RECs, and seem to accord secondary status to RE procurement as such. Proviso may be appropriately modified to obviate such an interpretation.
4. **Accounting of Excess RE with Roof-top Solar PV System by OA Consumer/Captive Generators:** Excess RE procurement by OA consumer/captive generators has economic value, which can be traded as RECs, or can be banked (if permitted) to adjust RPO compliance in the later years. The OA consumer/captive generators should firstly be allowed to derive the benefit of such excess RPO (in REC equivalent terms), and thereafter, with their consent, any remaining excess RE can be allowed for accounting towards distribution licensee’s RPO.