**CERC's Proposal for Determination of Forbearance Price and Floor Price for the REC Framework**

Central Electricity Regulatory Commission (CERC), *via* notification dated 31st Mar 2020, proposed to adopt forbearance price and floor price of Renewable Energy Certificates (REC) as given in the table:

| Details | Solar REC (₹/MWh) | Non-Solar REC (₹/MWh) |
|---|---|---|
| Forbearance Price | 1,000 | 1,000 |
| Floor Price | 0 | 0 |

REC is a market-based instrument. It aims to bring greater efficiency in choice of cost-effective technology, provides incentives for cost reduction and could facilitate greater support for development of Renewable Energy (RE) sources in the country.

The CERC Document can be accessed **here**.

**CER Opinion:**

- As the proposed REC floor price for solar/non-solar RECs is zero, reference to floor price as a part of REC framework under the principle REC Regulations can be deleted. The trajectory of floor price and forbearance price is shown in Fig. 1 and Fig. 2 below:

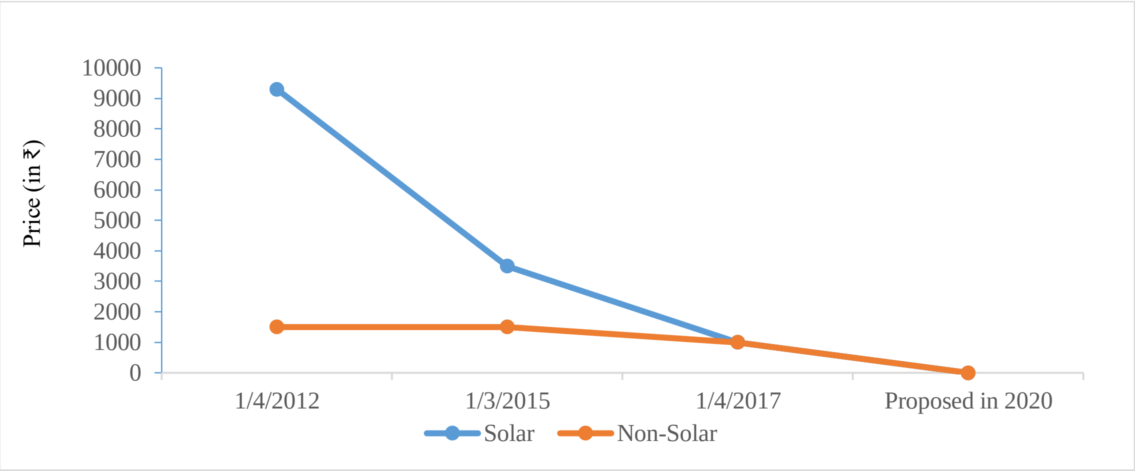


Fig. 1: REC Floor Price Trajectory

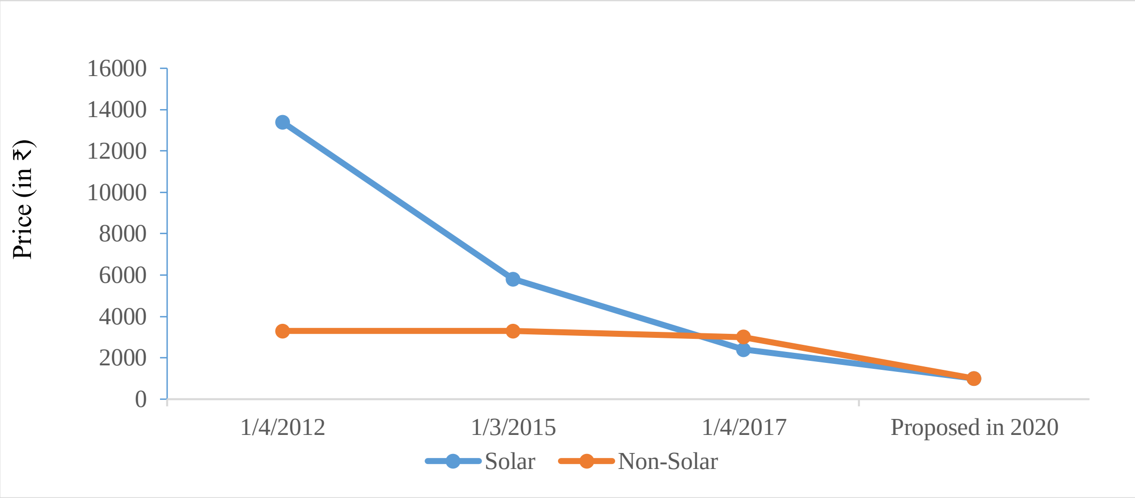


Fig. 2: REC Forbearance Price Trajectory

As the Floor price and Forbearance price for both solar and non-solar technologies are proposed to be uniform, it is an appropriate time to merge solar and non-solar REC markets.

- Given that SERCs are allowing excess solar (non-solar) RPO quantum to be adjusted against non-solar (solar) RPO, fungibility between solar and non-solar RECs is clearly visible and should be institutionalised.