

## Notification of Renewable Generation Obligation as per Revised Tariff Policy 2016

The Ministry of Power is considering Renewable Generation Obligation in accordance with Tariff Policy to enhance the generation and utilisation of Renewable Energy (RE) in the country. For decarbonisation, India has set a target of net zero by 2070 alongside intermittent targets by 2030. India has committed to achieve 50% of cumulative electric power installed capacity from non-fossil fuel-based energy sources by 2030.

The Ministry of Power has proposed mandatory supply of renewable energy equivalent to minimum 25% of capacity by the thermal generating station for the stations commissioned after 01.04.2024.

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

### CER Comments

- 1. Renewable Generation Obligation (RGO) as Renewable Capacity Obligation:** As per the Clause 6.4.5 of the Tariff Policy, 2016, “...coal/ lignite based thermal generation station after a specified date shall be required to establish such renewable energy generating capacity or procure and supply renewable energy equivalent to such capacity...”

It is suggested that the notification may be called as ‘Renewable Capacity Obligation’ instead of ‘Renewable Generation Obligation’ since obligation refers to capacity instead of generation.

- 2. Role of RECs:** The Renewable Energy Certificates (RECs) are considered equivalent for meeting the obligation towards renewable purchase obligation of the obligated entities across states. In a similar manner, RECs should also be eligible for meeting the obligation towards renewable generation/ capacity obligation.
- 3. Definition of capacity:** The definition of the capacity of renewable plant to be set up may be clarified, whether it is ex-bus/ gross/ net capacity of the plant.

Also, in case of hybrid plant, the capacity addition equal to 25% of installed capacity may not be equal to the 25% of thermal capacity in terms of generation of electricity due to difference in the generation profile the technology. For e.g. peak solar capacity would be harnessed during the mid-day, whereas peak wind capacity would be harnessed during late evening.

- 4. Determination of the tariff of plants:** It may be clarified if in case of a thermal generation plant based on coal/ lignite is established after the specified date, the tariff for the renewable capacity would be determined together with the thermal capacity (bundled capacity) or would it be done separately. Also, if the tariff of such renewable capacity would be determined under Section 62 or adopted under Section 63 (of the Electricity Act, 2003). It is suggested that such renewable capacity be set up by the thermal generator through a process of competitive bidding, wherein an identified third party would provide the required capacity for the generation capacity on behalf of the



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thermal generator. Determination of tariff under Section 62 would be a backdoor entry for high-cost renewable energy capacity creation across the country. Such competitive bidding may be carried out by SECI or other agencies on behalf of the generating plants.

In case the thermal capacity being set up through a process of competitive bidding under Section 63, the renewable capacity should be bundled with conventional capacity for discovery of such a competitive tariff.