

KERALA STATE ELECTRICITY REGULATORY COMMISSION

NOTIFICATION

No. 1517/CT/2010/KSERC

Dated, Thiruvananthapuram November 23, 2010

KERALA STATE ELECTRICITY REGULATORY COMMISSION (RENEWABLE PURCHASE OBLIGATION AND ITS COMPLIANCE) REGULATIONS, 2010

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

1. **Short title, extent and commencement.**- (1) These regulations may be called the Kerala State Electricity Regulatory Commission (Renewable Purchase Obligation and its Compliance) Regulations, 2010.

(2) It shall apply to the whole of Kerala State

(3) It shall come into force at once

2. **Definitions and Interpretation.**- In these regulations, unless the context otherwise requires.

(a) 'Act' means the Electricity Act, 2003 (36 of 2003);

(b) 'Central Agency' means the agency operating the National Load Despatch Centre or such other agency as the Central Commission may designate from time to time.

(c) 'Central Commission' means the Central Electricity Regulatory Commission referred to in sub-section (1) of Section 76 of the Act;

(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 issue of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010;

(e) 'Commission' means Kerala State Electricity Regulatory Commission as referred in subsection (1) of section 82 of the Act;

(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 issue 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 the power exchange;

(g) 'MNRE' means the Ministry of New and Renewable Energy;

(h) 'Obligated entity' means the distribution licensee, consumer owning the captive power plants and open access consumer in the State of Kerala, 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 Appropriate Commission for sale of energy from a generating station based on renewable energy sources to a distribution licensee;

(k) "Renewable energy sources" means renewable sources such as small hydro, wind, solar including its integration with combined cycle, biomass, bio fuel cogeneration, urban or municipal waste and such other sources as recognised or approved by MNRE;

(l) 'State agency' means the agency in the State of Kerala 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;

(m) 'Year' means a financial year.

(1) Words and expressions used in these Regulation 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 meaning 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 3% of its consumption of energy from renewable energy sources under the Renewable Purchase Obligation during the years from 2010 with annual increase of 10% of 3% per year upto a maximum RPO of 10%.

Provided that 0.25% of the consumption of energy shall be procured from generation based on solar as renewable energy source only;

Provided further, such obligation to purchase renewable energy shall be inclusive of the purchases, if any, from renewable energy sources already being made by the 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 and consented to by the Commission shall continue to be made till their present validity, even if the total purchases under such agreements exceed the percentage as specified herein above.

4. Certificates under the regulations of the Central Commission.-

(1) Subject to the terms and conditions in these regulations the Certificates issued under the Central Electricity Regulatory Commission (Terms and Conditions for recognition and issue 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 issue 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 a 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 consistent with the procedures and rules laid by the Central Agency for discharge of its functions under the Central Electricity Regulatory Commission (Terms and Conditions for recognition and issue 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 utilised, 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 failed 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.

Provided that where the Commission has consented to the carry forward of compliance requirement, the provision of clause (1) of the Regulation or the provision of section 142 of the Act shall not be invoked.

By Order of the Commission

(K.S.Premachandra Kurup)
Secretary

Explanatory Note

(This does not form part of the notification, but is intended to indicate its general purport)

The concept of Renewable Energy Certificate (REC) seeks to address the mismatch between availability of RE sources and the requirement of obligated entities to meet their renewable purchase obligation. It is also expected to encourage the RE capacity addition in States where there is potential for RE generation as REC frame work seeks to create a national level market for such generators to recover their cost.

Commission has decided to issue Regulations for enabling fulfillment of obligations by purchasing RECs to make the frame work complete for implementation.

This notification is intended to achieve the above object.