

ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION

(Regulatory Commission for the States of Andhra Pradesh and Telangana)

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“Draft”

First Amendment Regulation to APERC - Renewable Power Purchase Obligation -
(Compliance by Purchase of Renewable Energy/Renewable Energy Certificates)
Regulations, 2012 [Regulation No.1 of 2012]

Regulation No.XX of 2014

Introduction:

Whereas the A.P. Electricity Regulatory Commission (hereinafter referred to as “the Commission”) notified the APERC - Renewable Power Purchase Obligation (Compliance by Purchase of Renewable Energy/Renewable Energy Certificates) Regulations, 2012 [Regulation No.1 of 2012].

And whereas the said Regulation contained modalities for casting Renewable Purchase Obligation on Distribution Licensees, Open Access Consumers & Consumer availing Captive Generation, eligibility criteria & registration procedure for issue of Renewable Energy Certificates (RECs), designation of a State Agency, consequences of default etc.

And whereas as per Section 92 read with Twelfth schedule of the Andhra Pradesh Reorganisation Act, 2014 the Commission shall be a joint regulatory body for the States of Andhra Pradesh and Telangana with effect from 2nd June, 2014 for a period not exceeding six months within which time separate SERCs will be formed in the successor States. Further, as per clause 3 of the APERC (Reorganisation) Regulation, 2014 [Regulation No.3 of 2014], the Regulation No.1 of 2012 shall fully and completely apply to the whole of the states of Andhra Pradesh and Telangana.

And whereas the Central Electricity Regulatory Commission (CERC) has issued certain amendments to RPPPO/REC mechanism in the matter of treatment of Renewable based Captive Generating Plants, Premature termination of Agreements, adoption of tariffs discovered u/s 63 of the Electricity Act 2003, and mandate of SERCs to promote Co-Generation etc. APERC intends to adopt certain changes made in CERC regulations, to be in consistent with and to promote REC mechanism in a better manner.

Now therefore, in exercise of the powers vested with it u/s 181 of the Electricity Act, 2003 and all other powers enabling it in that behalf makes the following Amendment Regulation to the said Principal Regulation No.1 of 2012, namely:

1. Short title, commencement and interpretation:

- (i) This Regulation may be called the APERC - Renewable Power Purchase Obligation (Compliance by purchase of Renewable Energy/Renewable Energy Certificates) First Amendment Regulation, 2014.
- (ii) This Regulation shall extend to the whole of the State of Telangana.
- (iii) This Regulation shall come into force on the date of its publication in the Telangana Gazette.

2. Amendment to Clause 3.0 of Principal Regulations:

2.1 *First para of Clause 3.1 of the principal Regulation shall be substituted as under;*

Every distribution licensee shall purchase from renewable energy sources (not necessarily being the plant located in its territory), either at the generic tariff rates determined by the Commission or tariffs discovered through transparent process of bidding u/s 63 of the Act and adopted by the Commission, for purchase of electricity from different types of renewable energy sources (wind, solar, mini-hydel) , a quantum of not less than 5% of its consumption of energy, during each of the years from 2012-13 to 2016-17 (each year commencing from 1st April of the Calendar Year and ending on 31st March of the subsequent Calendar Year), provided that the purchase of Renewable Energy 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 as amended from time to time, shall also be treated as fulfilment of the Renewable Power Purchase Obligation (RPPO) prescribed herein;

2.2 Additional Provision added to Clause 3.1 of Principal Regulations:-

Following additional provision is inserted namely;

Provided further, that the purchase of lapsed banked energy in accordance with the provisions of APERC Interim Balancing & Settlement Code for Intra State Open Access Transactions Regulation, (Regulation No.2 of 2006) and amendments there to it, by the Distribution Licensees in the state of Telangana, shall also be taken into account for computing the fulfilment of Renewable Power Purchase Obligation (RPPO) by such a licensee;

2.3. *First para of Clause 3.3 of the principal Regulation shall be substituted as under;*

Every consumer owning a captive generating plant of installed capacity of one (1) MW and above, which is synchronized with the Grid, shall purchase Renewable Energy 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 as amended from time to time, corresponding to a quantum of not less than 5% of

its consumption from such generating plant, during each of the years from 2012-13 to 2016-17 (each year commencing from 1st April of the Calendar Year and ending on 31st March of the subsequent Calendar Year) provided that the purchase of energy from renewable energy sources shall also be treated as fulfilment of the Renewable Power Purchase Obligation (RPPO) prescribed herein;

For the purpose of this clause, "Synchronization with the Grid" shall mean that the Captive Generating Plant is being operated in parallel with the network, at the point of connection, of the Distribution Licensee or the Transmission Licensee, as the case may be.

**2.4 Additional Provision added to Clause 3.3 of Principal Regulations:-
Following additional provision is inserted namely;**

Provided further that, a consumer owning a captive generating plant of Co-Generation nature, consumption from such plant by the consumer is exempted from levy of RPPO obligation as set out above.

3. Clause 6 of the Principal Regulation is replaced and substituted as under:

6. Eligibility and Registration for Certificates:-

A generating company [including a Captive Power Producer (CPP)] of one (1) MW and above capacity, engaged in generation of electricity from renewable energy sources shall be eligible for obtaining accreditation from the State Agency if it fulfils the following conditions:

- (a) It does not have any Power Purchase Agreement for the capacity related to such generation to sell electricity at a tariff determined by the Commission under section 62 or adopted under section 63 of the Act, from time to time for sale of energy to a distribution licensee; and;
- (b) It sells the electricity generated either (i) to the distribution licensee (not necessarily being the territorial distribution licensee in whose area of supply the RE generator is located) in the State of Telangana at the pooled cost of power purchase.

Note:

- (1) *For determination of Pooled Cost of Power Purchase for a particular year, DISCOMs shall submit a petition for computation of Pooled Cost of Power Purchase to the Commission by 30th April of that year. The Commission shall issue order relating to the Pooled Cost of Power Purchase for the particular year within one month of acceptance of such petition. Till the issue of order regarding the Pooled Cost of Power Purchase, the Pooled Cost of Power Purchase of the previous year shall continue to be valid as Provisional Pooled Cost of Power Purchase. After the issue of order for the Pooled Cost of Power Purchase by the Commission, the difference with the Provisional Pooled Cost of Power Purchase shall be adjusted equally in the bills of the next two months or as decided by the Commission in the order determining the Pooled Cost of Power Purchase for that year.*

Provided further, that the Pooled Cost of Power Purchase applicable for the period from the date of publication of these Regulations in the Telangana

Gazette till 31-05-2012 shall be Rs.2.00 per unit which shall be treated as ad-hoc notional pooled cost of power purchase of the previous year.

- (2) *The PPA covering the transaction at [Note (1)] above may be developed by DISCOMs generally keeping in view the standard PPAs being followed by them suitably modifying the same to the extent required and entered with the NCE developer in Telangana for the transaction indicated at [Note (1)] above.*
- (c) A Co-Generation plant based on Renewable Energy sources shall be eligible for the entire electricity generated from such plant for self consumption, for participating in the REC scheme.
- (d) A consumer owning a roof top or ground mounted Solar power plant of 100 kW and above, whether connected at internal bus or at point of connection of supply, shall be eligible for obtaining RECs for the entire generation from such plant, subject to the condition that the Consumer installs proper metering arrangement at his cost, and allows taking of meter reading, as suggested by the respective distribution Licensee.
- (e) That in respect of CPP, it has not at all availed or does not at all propose to avail any benefit in the form of concessional/promotional transmission or wheeling charges, banking facility and waiver of electricity duty. The dispute, if any, on the question as to whether such concessional/promotional benefits were availed by a CPP or not shall be referred to the Commission.
- (f) The entire electricity generated from Captive Power Plant based on Renewable Sources of Energy and entire electricity generated from Co-Generation Plant based on Renewable Sources, including self consumption shall be eligible for issue of RECs.
- (g) Generating Plant shall not in case of pre-mature termination of the agreement, be eligible for participating in the Renewable Energy Certificate (REC) scheme for a period of three years from the date of termination of such agreement or till the scheduled date of expiry of power purchase agreement whichever is earlier or if any order or ruling is found to have been passed by an Appropriate Commission or a competent court against the generating company for material breach of the terms and conditions of the said power purchase agreement.

(BY ORDER OF THE COMMISSION)

M.D.Manohar Raju
Commission Secretary