
ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION

4th Floor, Singareni Bhavan, Red Hills, Hyderabad 500004

**FRIDAY , THE TWENTY FIRST DAY OF APRIL
TWO THOUSAND AND TWENTY THREE**

:Present:

Justice C.V. Nagarjuna Reddy, Chairman

Sri P. Rajagopal Reddy, Member

Sri Thakur Rama Singh, Member

O.P.No. 11 of 2023

***In the matter of issuing a recommendation to APSPDCL for RE certificates for
FY 2021-22***

Between:

Southern Power Distribution Company of Andhra Pradesh Limited,

.... Petitioner

Rep. by its Chairman & Managing Director,

Beside Srinivasa Kalyana Mandapam, Tiruchanoor Road,

Tirupathi – 517501.

AND

None

.... Respondent

The Original Petition has come up for final hearing on 12-04-2023 in the presence of Sri P. Shiva Rao, learned Standing Counsel for the Petitioner. Upon considering the material available on record and after hearing the submissions of the learned counsel, the Commission passes the following:

ORDER

1. APSPDCL (for short “the petitioner”) filed the petition, seeking Renewable Energy Certificates (RECs) for the Financial Year 2021-22 under sections 61, 66, 86(1)(e) of the Electricity Act 2003 read with Regulation 1 of 2017 of APERC (Prescribing the obligation for the purchase of Renewable Power and its compliance by the purchase of Renewable Energy/Renewable Energy Certificates), quoting the directions of this Commission in the Retail Supply Tariff Order dated 30.03.2022 for FY 2022-23 to file an appropriate petition to get the Renewable Energy Certificates as per its eligibility complying with the Hon’ble APTEL’s orders in this regard.
2. At the hearing, Sri P. Shiva Rao learned Standing Counsel for the Petitioner submitted that APSPDCL is entitled to get Renewable Energy Certificates for the FY 2021-22 in respect of Renewable Energy consumed by it in the relevant financial year in excess of the targets fixed by MoP. We have heard the O.P. in detail. The short question for consideration is, whether the petitioner is entitled to be eligible for Renewable Energy Certificates for Financial Year 2021-22, under the RE Certificates Regulation of 2010 of the Central Commission (CERC) and its amendments from time to time, (hereinafter referred to as the ‘Regulations’) which is adopted by this Commission to the extent of criteria to be followed for recommending RECs, and in the light of the decision of the Honourable APTEL in A.No 99 of 2020 & O.P No 2 of 2020 .
3. Clause 5(1A) of the Regulation contemplates inter alia for compliance with statutory requirements to obtain RECs by a distribution licensee as under:
“5 (1A) A Distribution licensee shall be eligible to apply for registration with the central agency for issuance of and dealing in certificates if it fulfils the following conditions:
(a) It has procured renewable energy, in the previous financial year at a tariff determined under Section 62 or adopted under section 63 of the Act, in excess of the renewable purchase obligation as may be specified by the appropriate Commission or in the National Action Plan on climate change or in the tariff policy whichever is higher.
Provided that the renewable purchase obligation as may be specified for a year by the appropriate Commission should not be lower than that for the previous financial year.

Provided further that any shortfall in procurement against the non-solar or solar power procurement obligation set by the appropriate Commission in the previous three years, including the shortfall waived or carried forward by the said Commission shall be adjusted first and only the remaining additional procurement beyond the threshold renewable purchase obligation-being that specified by the Appropriate Commission or in the National Action Plan for climate change or in the tariff policy, whichever is higher shall be considered for issuance of RECs to the distribution licensees.

(b) It has obtained a certification from the Appropriate Commission, towards procurement of renewable energy as provided in sub-clause (a) of this regulation.”

- 4 The petitioner’s main grounds/justifications in support of its plea, are as under:
 - i. The order dt. 20.08.2020 of Hon’ble APTEL has been made on the already sold Renewable Energy Certificates, and also as to the balance unsold Renewable Energy Certificates for the FY 2018-19, but not in respect of the subsequent years. Thus, in respect of the subsequent years, the said order of APTEL has no effect, and therefore, the procedure in vogue needs to be followed for FY FY 2021-22 years, without reference to the said order of APTEL.
 - ii. The petitioner has regularly paid the annual accreditation fees for APSLDC and annual registration Fees for NLDC every year up to the financial Year 2022 - 23. The same has been acknowledged by the said agencies.
 - iii. The annual status report on compliance of Renewable Power Purchase Obligation (RPPO) submitted to the Commission by the state agency i.e APSLDC by letter dated 25.01.2023 for Financial Year 2021-22, fortifies the petitioner’s compliance with statutory requirements to get RECs.
5. We have examined the petitioner’s procurement of RE as certified by the nodal agency APSLDC with reference to the CERC regulations as interpreted by the Honourable APTEL in A.No 99 of Dated: 20th August 2020 to determine the entitlement of the petitioner for RECs recommendation.

Criteria to be followed as per the Hon'ble APTEL's order:

- (i) If the distribution licensee seeks RECs for a relevant year/performance year, in terms of Clause 5(1A)(a), it must establish that It has procured renewable energy, in the previous financial year at a tariff determined under Section 62 or adopted under section 63 of the Act, in excess of the renewable purchase obligation as may be specified by the appropriate Commission or in the National Action Plan on climate change or in the tariff policy whichever is higher.
 - (ii) The renewable purchase obligation specified for a relevant Year/performance year by the Andhra Pradesh Electricity Regulatory Commission shall not be lower than that for the previous financial year
 - (iii) Any shortfall in procurement against the non-solar or solar power procurement obligation set by APERC in the previous three years, including the shortfall waived or carried forward shall be adjusted first and only the remaining additional procurement beyond the threshold renewable purchase obligation-being that specified by the APERC or in the National Action Plan for climate change or in the tariff policy, whichever is higher shall be considered for issuance of RECs to the distribution licensees.
6. As per the above criteria laid down by the Hon'ble APTEL, we have issued a recommendation to APSPDCL for RECs for FY 2019-20 and FY 2020-21 by order dated 05.12.2022 in OP No 40 & OP No 50 of 2022. Similarly, for recommending RECs to APSPDCL for FY 2021-22, the Relevant year/performance year is FY 2021-22, and previous year to the relevant year is FY 2020-21, and the previous three years to the relevant year are FY 2020-21, FY 2019-20 and FY 2018-19, and accordingly we shall examine the following:
- i. Procurement of RE by APSPDCL in FY 2021-22 & 2020-21 shall be more than the target set by MoP since it is higher than the target set by the APERC.
 - ii. The renewable purchase obligation specified for FY 2021-22 by the Andhra Pradesh Electricity Regulatory Commission shall not be not lower than that for FY 2020-21.

- iii. Any shortfall in procurement against the non-solar or solar power procurement obligation set by APERC in the previous three years FY 2020-21, FY 2019-20, and FY 2018-19, shall be adjusted first, and only the remaining additional procurement beyond the RPO set by MoP since it is higher than the RPO target set by APERC which shall be considered for RECs for FY 2021-22.

In order to verify whether APSPDCL justified the above criteria, we examined the figures in the following tables:

RPO Targets specified by MoP and APERC:

Year	2021-22		2020-21		2019-20		2018-19	
	MoP	APERC	MoP	APERC	MoP	APERC	MoP	APERC
Non Solar	10.50%	10.00%	10.25%	9.00%	10.25%	8%	10.25%	7%
Solar	10.50%	7.00%	8.75%	6.00%	7.25%	5%	6.75%	4%
Total	21%	17%	19%	15%	17.50%	13%	17%	11%

RE procurement Details:

Sl. no	Details	Non-Solar RE (MWH)	Solar RE (MWH)
1	RE to be procured by APSPDCL as per the MoP target for FY 2021-22 (MoP target is higher than SERC target)	2488883.93 (23703656.45 X 10.5%)	2488883.93 (23703656.45 X 10.5%)
2	RE procured by APSPDCL in the relevant year (FY 2021-22)	2737928.10	4351149.35
3	Excess of RE Energy procured for FY 2021-22 (2-1) to be considered for RECs	249044.17	1862265.42
4	RE to be procured by APSPDCL as per the MoP target for FY 2020-21 since it is higher than APERC	2241913.67 (21872328.54 X 10.25%)	1913828.747 (21872328.54 X 8.75%)
5	RE procured by APSPDCL during FY 2020-21	3067242.31	4198855.59
6	Excess of RE Energy procured during FY 2020-21 (5-4)	825328.64	2285026.84
7	RE to be procured by APSPDCL as per APERC target for FY 2019-20	2867706.77 (35846334.65 X 8%)	1792316.73 (35846334.65 X 5%)

8	RE procured by APSPDCL during FY 2019-20	5566414.94	4580413.34
9	Excess of RE Energy procured during FY 2019-20 (8-7)	2698708.17	2788096.61
10	RE to be procured by APSPDCL as per APERC target for FY 2018-19	2527453.82 (36106483.15 X 7%)	1444259.326 (36106483.15 X 4%)
11	RE procured by APSPDCL during Financial Year FY 2018-19	7736191.20	4398017.70
12	Excess of RE Energy procured during FY 2018-19 (11-10)	5208737.38	2953758.37

* Decimals are rounded off to the nearest digit.

As can be seen from the above tables, APSPDCL has procured RE in excess of the MoP target in the relevant year FY 2021-22 and the previous year of the relevant year FY 2020-21, and also there is no shortfall in RE procurement in the three previous years of the relevant year against the target RPO specified by the Commission, and hence no adjustment is required for excess RE to be considered for RECs for FY 2021-22. The RPO target set by this Commission for the relevant year FY 2021--22 is not less than the previous year FY 2020-21.

7. As detailed above, we are satisfied that the petitioner has procured the RE in compliance with the observations of the Hon'ble APTEL and CERC regulations (supra), and thus the petitioner is entitled to the recommendation of RECs for FY 2021-22. Therefore, we are inclined to issue a recommendation in favour of the petitioner for FY 2021-22 in terms of the CERC regulations. Accordingly, the recommendation in the prescribed format is issued and enclosed with this order.

8. The income realised by the sale of RECs by the petitioner will be adjusted in its True-up for Retail Supply Business for the 4th control period as the true-up of Power Purchase Cost for Financial Year 2021-22 has been completed or any ensuing true-up whichever is earlier.

9. Accordingly, the petition is disposed of.

Sd/-
Thakur Rama Singh
Member

Sd/-
Justice C.V. Nagarjuna Reddy
Chairman

Sd/-
P. Rajagopal Reddy
Member



ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION

FORMAT - 3.1.1

Recommendation by Andhra Pradesh Electricity Regulatory Commission for issuance of RECs for Financial Year 2021-22

Name of Distribution Licensee: SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED TIRUPATI

It is hereby certified that:

1. Distribution Company has procured renewable energy, in the previous financial year, at a tariff determined under Section 62 or adopted under Section 63 of the Act, in excess of the renewable purchase obligation specified in the National Action Plan on Climate Change/Tariff Policy.
2. The renewable purchase obligation specified for a Financial Year 2021-22 by the Andhra Pradesh Electricity Regulatory Commission is not lower than that for the previous financial year.
3. Shortfall/Excess in procurement against the non-solar or solar power procurement obligation set by the Andhra Pradesh Electricity Regulatory Commission in the previous three years, has been carry forwarded and adjusted first and only the additional procurement beyond the threshold renewable purchase obligation being specified in the National Action Plan on Climate Change / Tariff Policy, which is higher than that specified by the Andhra Pradesh Electricity Regulatory Commission has been considered for issuance of RECs to the distribution licensee.
4. The Distribution Licensee is eligible for Solar RECs and Non-Solar RECs as per the following details:

S No	YEAR	RPO as specified by SERC/NAPCC/Tariff Policy whichever is higher (in % of total energy Consumed) Please tick whichever is applicable (A)		Total Consumption in MWh (B)			RPO in MWh (C=B*A/100)			RE Energy Procured in the Financial Year in MWh (D)		Shortfall in procurement against the RPO set by SERC in previous three years including the shortfall waived or carried forward by SERC in MWh. If applicable then mention the year wise details by adding the separate row for each year (E)		Surplus in MWh (F=D-C-E)	
		Solar	Non-Solar	Solar	Non-Solar	Total	Solar	Non-Solar	Total	Solar	Non-Solar	Solar	Non-Solar	Solar	Non-Solar
1	FY 2021-22	10.5%	10.5%			23703656.45	2488883.93	2488883.93	4977767.86	4351149.35	2737928.10			1862265.42	249044.17
Shortfall in procurement against the RPO set by SERC in Previous Three Years															
1	FY 2020-21	8.75%	10.25%			21872328.54	1913828.747	2241913.67	4155742.417	4198855.59	3067242.31			2285026.84	825328.64
2	FY 2019-20	5%	8%			35846334.65	1792316.73	2867706.77	4660023.50	4580413.34	5566414.94			2788096.91	2698708.17
3	FY 2018-19	4%	7%			36106483.15	1444259.326	2527453.82	3971713.146	438017.70	7736191.20			2953758.37	5208737.38

Issue Date: 21-04-2023

Commission Secretary (i/c)

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