



Trading of ESCerts – VC with SDAs

31st August 2020

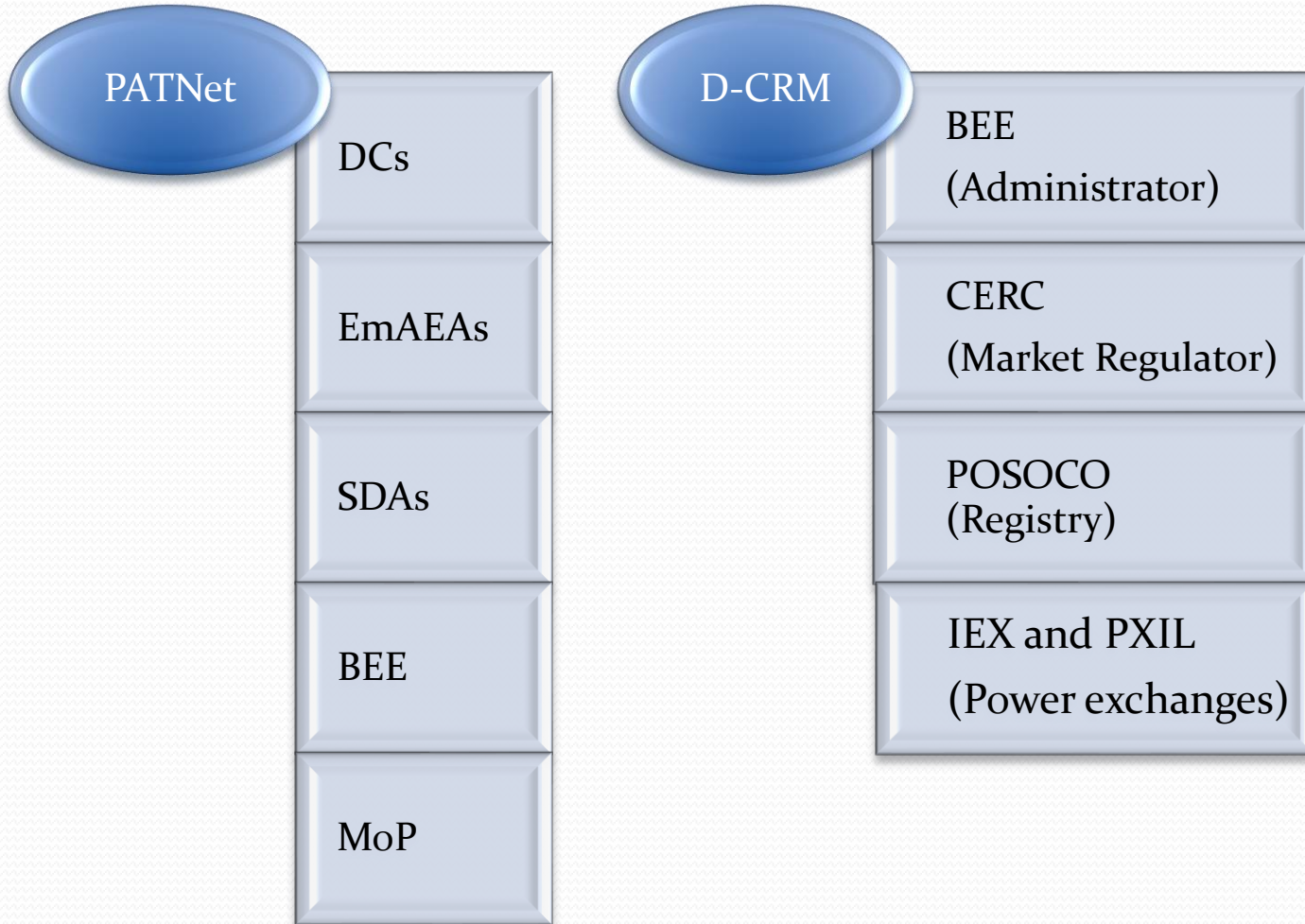
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Software platform for PAT

PATNet: a dotnet based platform for getting all Forms from DCs and EmAEAs

D-CRM: CRM based software platform for assessment & trading of ESCerts





Trading Regulation synopsis (27th May, 2016)

- ❑ **COMMISSION:** Central Electricity Regulatory Commission (CERC) defines the regulatory framework for trading of Energy Savings Certificate on Power Exchanges to facilitate the trading component of PAT scheme under NMEEE.

- ❑ **ELIGIBLE ENTITY:** Any Designated Consumer registered with Registry who desire to sell the issued ESCerts or purchase such ESCerts for compliance with the energy consumption norms and standards under clause (g) of section 14 of the EC Act.

- ❑ **EXCHANGE OR TRADE OF ESCerts** means sell or purchase of ESCerts under the Perform, Achieve and Trade (PAT) scheme on Power Exchanges, and includes delivery of ESCerts.

Trading regulations for ESCerts

- Central Electricity Regulatory Commission (Terms and Conditions for Dealing in Energy Savings Certificates) Regulations, 2016 was issued by CERC on 27th May, 2016 and notified on 30th May, 2016. Important features of this Regulation are as follows:
 - a. Roles & responsibilities of Administrator, Registry, CERC and Power exchanges were defined.
 - b. Market price of ESCerts shall be discovered through bidding at power exchanges i.e. through closed double-sided uniform price auction.
 - c. Interested DCs to whom ESCerts have been either issued or are entitled to purchase by MoP have to register themselves with 'Registry' i.e. POSOCO to become eligible entity
 - d. For trading in Power exchanges too the DCs have to get themselves registered with any of the exchange.
 - e. The matching mechanism on Power Exchanges for ESCerts transaction shall be **closed bid double-sided auction**

Trading regulations.....contd.

- Value of one ESCert is equal to one metric ton of oil equivalent of energy consumed.
- As per PAT Rules amendment dated 31, March 2016, the value of per metric ton of oil equivalent for 2014-15 is Rs. 10968. BEE is in process of revising the price of TOE for PAT cycle II.
- For trading of ESCerts, no floor price or forbearance price has been defined as the price of ESCerts shall be discovered at the power exchanges
- A buyer DC can buy the ESCerts upto or more than their compliance whereas a seller DC can not buy the ESCerts. DCs to whom the ESCerts shall be issued can sell them at Power exchanges and balanced ESCerts can be utilized for compliance of their next consecutive PAT cycle.
- The ESCerts submitted to BEE for meeting the compliance, will stand expired. After purchasing ESCerts DCs cannot re-sell them and could use those ESCerts for compliance of current or for compliance of their next consecutive PAT cycle.

PAT Rules

In sub-rule (5) of Rule 12: **“The designated consumer who has been issued energy savings certificates during the current cycle may use them for the purpose of banking and the energy savings certificates issued shall remain valid till the completion of the compliance period of their next cycle.”**

In sub-rule (6) of Rule 12: **“The designated consumers may use the banked energy saving certificates, if any, referred to in sub-rule (5) for the purpose of compliance of the next cycle or may sell them to any other designated consumer for the compliance within the validity period.”**

As per the Rule 13(2) of PAT Rules Amendment 2016: **“The designated consumer may use balanced energy saving certificates after the compliance, if any, for the purpose of banking and such banked energy saving certificates may be used for the compliance of the next cycle.”**

Procedure for transaction of ESCerts

- BEE (Administrator) had developed the detailed procedure for transaction of ESCerts in consultation with POSOCO (Registry) and on 14th February 2017, the Procedures was approved by the Commission. Following are important features of Procedure:
 - a. Template of application form to become eligible entity for trading of ESCerts has been defined. Documents like PAN, TAN, CIN, etc shall be required. DCs shall fill up application form through PATNet (where already DCs of PAT cycle I are registered)
 - b. Process of application scrutiny by Registry has been detailed
 - c. Registry shall grant certificate of Registration to eligible entities
 - d. Event of default will happen when a DC who is a seller will place bid more than the ESCerts issued to it. Upto three times, it will be simply debarred for one month and more than three times he continues, then the Dc will be debarred for six months from the trading.
 - e. Interface activities between Power exchanges and Registry, Administrator and Registry, and Registry and Designated consumers have been defined in detail.

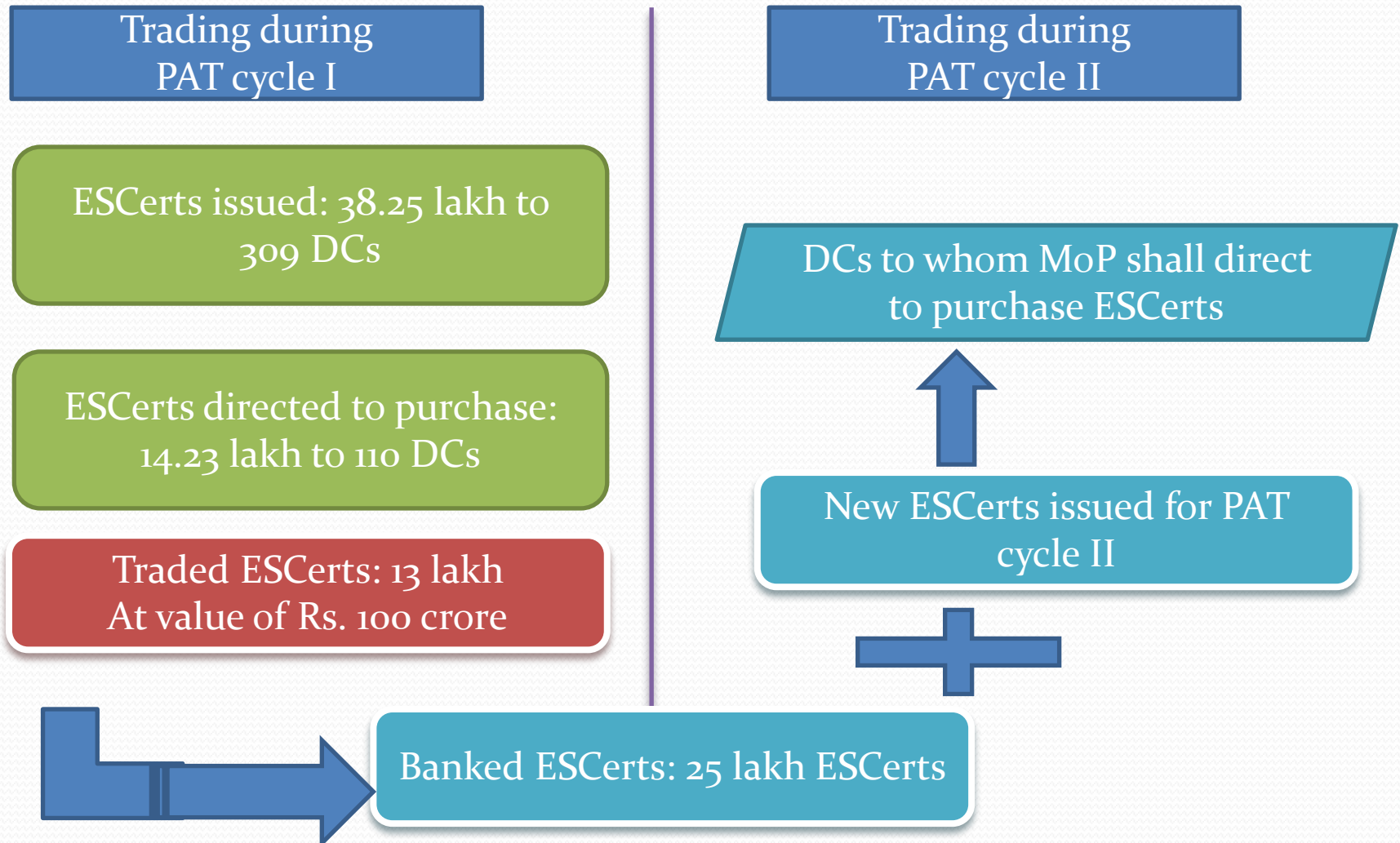


Fee order for transaction of ESCerts

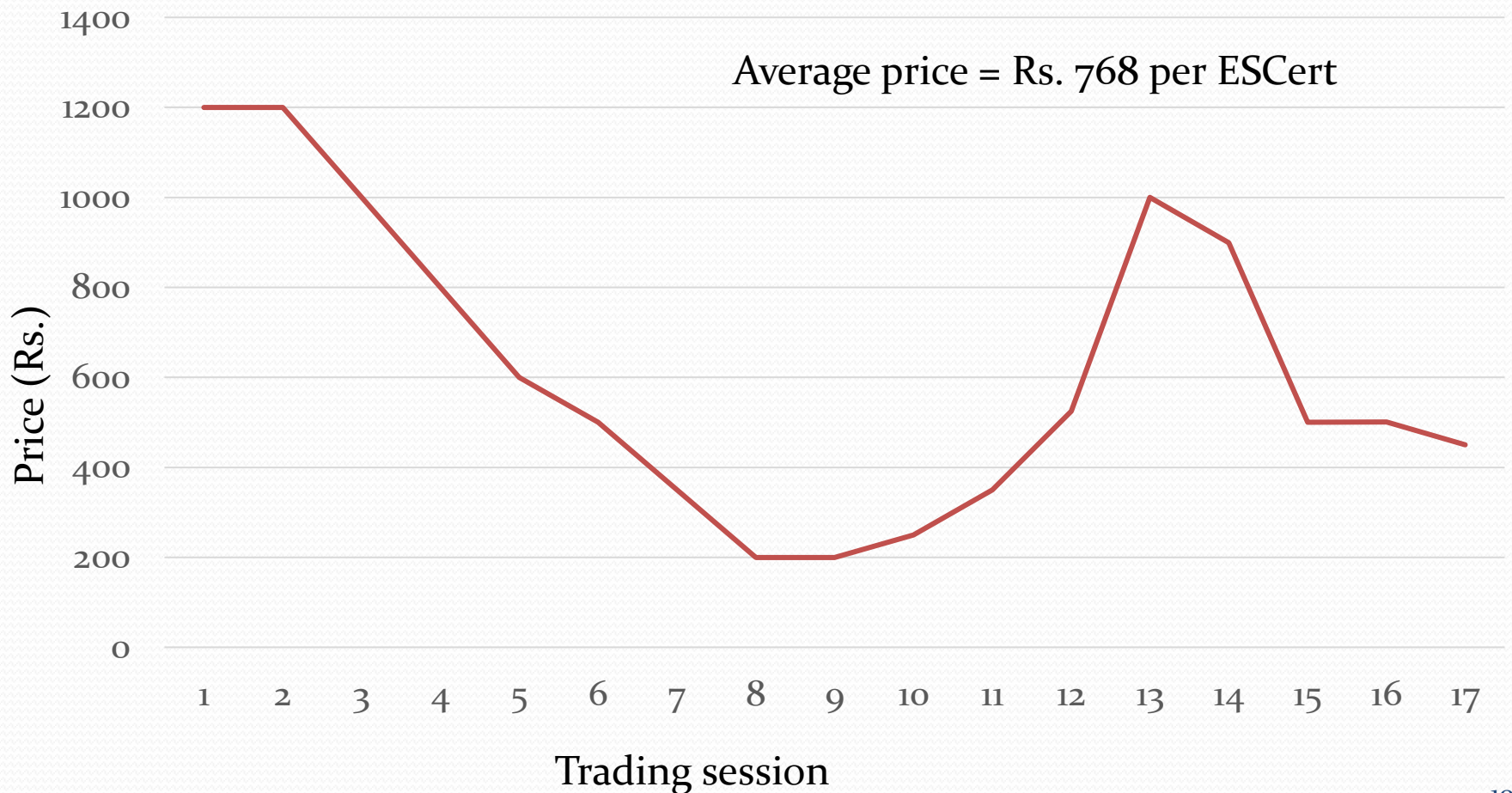
- On 24th March 2017, CERC has approved the Fee order for transaction of ESCerts, with following details:
 - i. One time Registration Fee of Rs. 15000/- per eligible entity.
 - ii. The Eligible Entities who have been issued ESCerts, shall pay ESCerts Fee at the rate of Rs. 5/- per ESCert.
 - iii. The taxes and duties on fees & charges shall be applicable as per the prevailing norms.

- All payment to Registry shall be done only through ECS and no draft / cheque will be accepted. Transaction id of RTGS / NEFT has to be provided in the application form to become eligible entity. Bank account details shall be provided to the DCs separately.

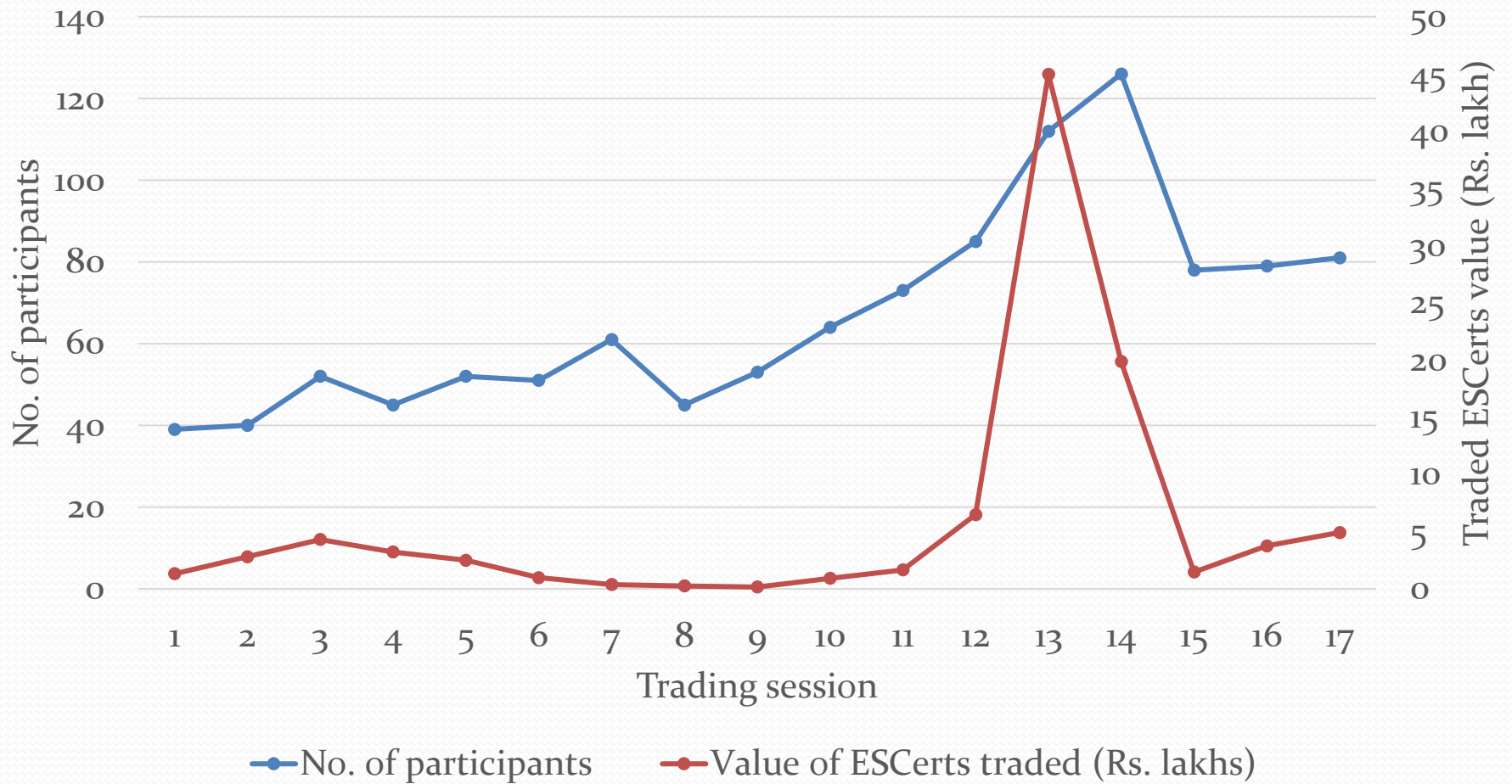
New scenarios in trading of ESCerts



Price Discovered during PAT cycle I trading



Synopsis of trading of ESCerts





Thank
& You