

## REC

### C) Frequently asked questions:

#### Q 1. What is the objective of Renewable Energy Certificate (REC) mechanism?

Renewable Energy Certificate (REC) mechanism is a market based instrument to promote renewable energy and facilitate compliance of renewable purchase obligations (RPO). It is aimed at addressing the mismatch between availability of RE resources in state and the requirement of the obligated entities to meet the renewable purchase obligation (RPO).

#### Q 2. What is the denomination of each REC issued?

One Renewable Energy Certificate (REC) is treated as equivalent to 1 MWh.

#### Q 3. How many types of RECs are there?

There are two categories of RECs, viz., solar RECs and non-solar RECs. Solar RECs are issued to eligible entities for generation of electricity based on solar as renewable energy source, and non-solar RECs are issued to eligible entities for generation of electricity based on renewable energy sources other than solar.

#### Q 4. What would be the sources of revenue under REC mechanism?

Revenue for a RE generator under REC scheme includes revenue from the sale of electricity component of RE generation and the revenue from the sale of environmental attributes in the form of RECs.

#### Q 5. Who is eligible for REC?

A generating company engaged in generation of electricity from renewable energy sources shall be eligible for participation under REC scheme if it fulfils the following conditions:

- a. it does not have any power purchase agreement to sell electricity, with the obligated entity for the purpose of meeting its renewable purchase obligation, at a tariff determined under section 62 or adopted under section 63 of the Act by Appropriate Commission:

Provided that in case of renewable energy sources based co-generation plants, the connected load capacity as assessed or sanctioned by the concerned distribution licensee, shall be considered as the capacity for captive consumption for the purpose of issues of certificates, irrespective of the capacity of such plants covered under the power purchase agreement.

- b. it sells the electricity generated either
  - i. To the distribution licensee of the area in which the eligible entity is located, at the pooled cost of power purchase of such distribution licensee as determined by the Appropriate Commission.

- ii. to any other licensee or to an open access consumer at a mutually agreed price, or through power exchange at market determined price.

**Q 6. Whether Captive Power Plants (CPPs) would be eligible for REC?**

A Captive Generating Plant (CGP) based on renewable energy sources shall be eligible for the entire energy generated from such plant for self-consumption for participating in the REC scheme subject to the condition that such CGP has not availed or does not propose to avail any benefit in the form of concessional/promotional transmission or wheeling charges and/or banking facility benefit.

Provided also that if such a CGP forgoes on its own, the benefits of concessional transmission or wheeling charges and/or banking facility benefit, it shall become eligible for participating in the REC scheme only after a period of three years has elapsed from the date of forgoing such benefits.

Provided also that, the abovementioned condition for CGP for participating in the REC scheme shall not apply if the benefits given to such CGP in the form of concessional transmission or wheeling charges and/or banking facility benefit are withdrawn by the State Electricity Regulatory Commission and/or the State Government.

Provided also that any renewable energy generating plant not fulfilling the conditions of CGP as prescribed in the Electricity Rules, 2005 and availing the concessional benefits in the form of transmission or wheeling charges and/or the banking facility benefit shall be required to forego such benefits for the purpose of availing renewable energy certificate for self-consumption of energy generated.

Provided also that if any dispute arises as to whether a CGP or any other renewable energy Generator has availed such concessional/promotional benefits; the same shall be referred to Appropriate Commission for decision.

The expression 'banking facility benefit' means only such banking facility whereby the CGP gets the benefit of utilizing the banked energy at any time (including peak hours) even when it has injected into grid during off-peak hours.

**Q 7. Does early termination of PPA by an RE generator makes it eligible for REC?**

A generating company having entered into a power purchase agreement for sale of electricity at a tariff determined under section 62 or adopted under section 63 of the Act by Appropriate Commission shall not, in case of premature termination of the agreement, be eligible for participating in the 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, 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.

**Q 8. To whom REC would be issued? Whether Distribution licensee, Open Access consumer, Conventional captive power consumer are eligible for issuance of REC?**

REC would be issued to RE generators only.

**Q 9. How long a REC would be valid?**

The REC once issued shall remain valid for Seven hundred and Thirty days from the date of issuance of such Certificate.

**Q 10. Which RE technologies are eligible for REC?**

Grid connected RE Technologies approved by MNRE would be eligible under this scheme.

**Q 11. What are the options available for RE generators to sell renewable energy generate RE generators will have two options i) either to sell the renewable energy at preferential tariff or ii) to sell electricity generation and environmental attributes associated with RE generations separately.**

**Q 12. What is the procedure for getting REC?**

The RE generators who fulfil the eligibility criteria can apply for the accreditation to concerned State Agency. After successful accreditation the eligible entity (RE generator) may apply for registration to the Central Agency. After successful registration the eligible entity may obtain REC through the 'process of issuance of REC' by Central Agency. The detailed procedures for Accreditation, Registration, Issuance and Redemption of REC can be downloaded from CERC/NLDC (POSOCO)

**Q 13. Who could buy REC? Can REC be used to fulfil Renewable Purchase Obligation?**

REC could be purchased by the obligated entities. REC could also be purchased by entities other than obligated entities on voluntary basis

**Q 14. Where RECs would be traded?**

REC would be exchanged only in the CERC approved power exchanges.

**Q 15. What would be the price of one REC?**

The price of REC would be determined in power exchange. REC would be traded in power exchange within the forbearance price and floor price determined by CERC from time to time. The floor and forbearance price as determined by the Commission vide Order dated 1.6.2010 (Petition No. 99/2010 - Suo-Motu) are as under:

	Non solar REC (₹ / MWh)	Solar REC (₹ / MWh)
Forbearance Price	3,900	17,000
Floor Price	1,500	12,000

CERC has determined floor price and forbearance price on 23rd Aug, 2011 applicable from April, 2012 valid till FY 2016-17.

	Non solar REC (₹ / MWh)	Solar REC (₹ / MWh)
Forbearance Price	3,300	13,400
Floor Price	1,500	9,300

CERC has determined floor price and forbearance price on 30th December, 2014 is furnished as under.

	Non solar REC (₹ / MWh)	Solar REC (₹ / MWh)
Forbearance Price	3,300	5800
Floor Price	1,500	3500

The above stated forbearance and floor prices shall remain valid for the control period upto financial year 2016-17 from the date of notification of Order dated 30th December, 2014.

**Q 16. What are the Fees and Charges for Accreditation, Registration, Issuance and Redemption?**

Fee and Charges towards Accreditation	Amount in ₹
Processing Fees (One Time)	5,000
Accreditation Charges (One Time)	30,000
Annual Charges	10,000
Revalidation Charge at the end of five (5) years	15,000
Fee and Charges towards Registration	Amount in ₹
Processing Fees (One Time)	1,000
Registration Charges (One Time)	5,000
Annual Charges	1,000

Revalidation Charge at the end of five (5) years	5,000
<b>Fee and Charges towards Issuance of REC</b>	<b>Amount in ₹</b>
Fees per Certificate	04

**Q 17. What happens if Renewable Purchase Obligation is not met by the Obligated Entities?**

As per the Model Regulation evolved by FOR, in case of default the concerned SERC may direct obligated entity to deposit into a separate fund to purchase the shortfall of REC at forbearance price. However, 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.

**Q 18. Whether Auxiliary consumption of the any RE generator (including RE CGP is entitled for issuance of REC?**

No, only net generation of any RE generation project will be entitled for the issuance of REC.

**Q 19. Whether a captive RE generator which banks electricity generated during any period of time and utilizes such banked energy at peak hours would be eligible under the REC mechanism?**

When a captive RE generator banks electricity generated during any period of time and utilizes such banked energy at peak hours would not be eligible under the REC mechanism. The banking facility wherein the CGP is entitled to draw power from the utility based on and corresponding to the time period (peak or off-peak period) of injection of power by such CGP will not be considered as concessional / promotional benefit.

**Q 20. If a plant is connected to grid as consumer (it is drawing power from the grid) and it has a RE Generating facility within its premises which is not connected to the grid. Whether this generating facility is eligible under REC Mechanism?**

As per CERC REC Regulations, only grid connected RE Technologies are eligible under REC Mechanism. Since, the RE Generating unit for which REC benefits are sought is not connected to the grid, it is not eligible to participate under REC Mechanism.

**Q 21. What is the date from which an RE Generator becomes eligible for issuance of RECs?**

The energy injection for issuance of RECs by Registered RE Generator shall be eligible under these regulations from the date of commercial operation or from the date of registration of such plant by the central agency whichever is later, for the first month. However for the subsequent months, period of energy injection shall be from the first day of the month to last day of the same month.

**Q 22. Can a RE Generator apply for Accreditation and Registration under REC**

## **Mechanism prior to Commissioning?**

Eligible RE Generating Projects can apply for Accreditation under REC Mechanism six months prior to proposed date of Commissioning. Eligible RE Generating Projects can apply for Registration under REC Mechanism three months prior to proposed date of Commissioning.

### **Q 23. What may be the probable cases of DEFAULT which may lead to REVOCATION of Registration?**

If the Central Agency, after making an enquiry or based on the report of the Compliance Auditors, is satisfied that public interests so require, it may revoke registration of the eligible entity in any of the following cases, namely :-

(a) where the eligible entity, in the opinion of the Central Agency, makes willful and prolonged default in doing anything required of him by or under these regulations;

(b) where the eligible entity breaks any of the terms and conditions of its accreditation or registration, the breach of which is expressly declared by such accreditation or registration to render it liable to revocation;

(c) where the eligible entity fails within the period required in this behalf by the Central Agency - (i) to show, to the satisfaction of the Central Agency, that it is in a position fully and efficiently to discharge the duties and obligations imposed on it by its accreditation or registration; or (ii) to make the deposit or furnish the security, or pay the fees or other charges required by its accreditation or registration.

### **Q 24. Within how many days of generation, an eligible entity may apply for issuance of RECs?**

The eligible entities shall apply to the Central Agency for Certificates within Six months after corresponding generation from eligible renewable energy projects provided that the online application for issuance of certificates may be made on 10th /20th or last day of the month.

#### **A) Important website links:**

The detailed procedures for Accreditation, Registration, Issuance and Redemption of REC can be downloaded from CERC/NLDC (POSOCO) websites: [www.cercind.gov.in](http://www.cercind.gov.in), [www.nldc.in](http://www.nldc.in), [www.recregistryindia.nic.in](http://www.recregistryindia.nic.in)

#### **B) News / Announcements: NIL**