

Rajasthan Electricity Regulatory Commission

Petition No. RERC-1303/17

Petition filed under Section 86(1)(e) of the Electricity Act, 2003 read with Regulation 10 (4) and 15 of RERC (Renewable Energy Certificate and Renewable Purchase Obligation Compliance Framework) Regulations, 2010 seeking clarification regarding duration of the PPAs executed under REC framework and for fixation of tariff for the PPA's executed under REC mechanism.

Coram:

Shri Vishvanath Hiremath, Chairman
Shri R.P. Barwar, Member
Shri S. C. Dinkar, Member

Petitioner(s) :
1. Jaipur Vidyut Vitran Nigam Ltd.
2. Ajmer Vidyut Vitran Nigam Ltd.
3. Jodhpur Vidyut Vitran Nigam Ltd.
4. Rajasthan Urja Vikas Nigam Ltd.

Date of hearings : 16.01.2018, 25.01.2018 and 15.02.2018

Present : Ms. Susan Mathew, Advocate for Petitioners

Order Date: 22.03.2018

ORDER

1. Jaipur Vidyut Vitran Nigam Ltd., Ajmer Vidyut Vitran Nigam Ltd., Jodhpur Vidyut Vitran Nigam Ltd. and Rajasthan Urja Vikas Nigam Ltd. (collectively referred as "Petitioners") have collectively filed the present petition on 21.12.2017 under Section 86(1)(e) of the Electricity Act, 2003 read with

Regulation 10 (4) and 15 of RERC (Renewable Energy Certificate and Renewable Purchase Obligation Compliance Framework) Regulations, 2010 seeking clarification regarding duration of the PPAs executed under REC frame work and for fixation of tariff for the PPA's executed under REC mechanism.

2. The matter was finally heard on 15.02.2018. Ms. Susan Mathew, Advocate appeared on behalf of Petitioners and submitted as under:

(i) Pursuant to the provisions of the CERC (Terms and conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulation, 2010, this Commission has framed the RERC (Renewable Energy Certificate and Renewable Purchase Obligation Compliance Framework) Regulations of 2010 (hereinafter referred to as "REC Regulations of 2010") which was notified on 23.12.2010 and provided for and/or enlarged the scope of "Purchase of Renewable Energy".

(ii) REC Regulations of 2010 stipulated that the operating period of the REC framework shall be valid only up to 2016. The relevant provision of the REC Regulations are as follows:

"Reg 8: Operating Period

The REC frame work under these Regulations shall commence from the date of coming into effect of these Regulations and shall be valid until March 31, 2016 (i.e, upto the year 2015-16)."

(iii) In pursuance to the REC Regulations of 2010, Petitioners have entered into PPAs with RE generators and the validity of these PPAs was only till 31.03.2016. This Commission thereafter made amendment to the REC Regulations of 2010 vide its RERC (Renewable Energy Certificate and Renewable Purchase Obligation Compliance Framework) (First Amendment) Regulations, 2016 which came into effect from 1.04.2016

whereby the Regulation 8 of the Principal Regulations regarding the operating period was deleted.

- (iv) Since there was no clarity with regard to the duration of the PPA, all the PPAs executed under REC framework were further extended by the Petitioners up to the period of 31.03.2019. Due to the deletion of operating period from the REC Regulations, there is an ambiguity with regard to the validity period of the PPAs executed under the REC framework.
- (v) In view of the ambiguity in the provisions of the REC Regulations as amended; it is required to clarify from this Commission whether the same can be terminated after 31.03.2019 or otherwise what should be validity duration of such PPA's.
- (vi) Further, as per Regulation 10 (2) of the REC Regulations of 2010, the effective electricity component price during the operating period with regard to the Petitioners will be equal to the Pooled Cost of Power Purchase.
- (vii) In this regard, It is submitted that at the time of entering into the PPAs the rates under the average Pooled Power Purchase cost were much lower than the preferential tariff and therefore at the time of framing of the REC Regulations, the intention behind keeping the price at Pooled Cost of Power Purchase was not to overburden the distribution licensees by purchase of power at a higher price and thereby keeping a balance between the price of electricity and the tariff for public consumption, which otherwise would cause great hardship to the general public who are the end users.
- (viii) Now in the present scenario, Pooled Power Purchase Cost is increasing every year whereas the generic tariff for the renewable energy is decreasing. Therefore, it is in the interest of justice and equity that the

price methodologies for electricity component may be reviewed by this Commission as per the Regulation 10 of the REC Regulations of 2010 and fix the tariff at APCC price of the year of commissioning of each projects so as to make it applicable for the existing and new PPAs under the REC framework.

- (ix) Regulation 15 of the REC Regulations of 2010 empowers this Commission to make such provisions or remove difficulties if it is necessary.
- (x) In light of above submissions, it prayed to :
 - (a) Clarify regarding the duration of the PPAs executed under REC frame work which expires by 31.03.2019;
 - (b) Review the pricing methodology with respect to purchase of renewable energy by distribution licensees under the REC mechanism for existing PPAs and fix the same at the APCC price applicable at the time of commissioning of the project; and
 - (c) Any other appropriate order or direction which may be considered just and proper in the facts and circumstances of the present case may also kindly be passed in favour of the Petitioner.

Commission's view

3. Commission has considered the submissions made on behalf of the Petitioners.
4. Commission observes that Petitioners have made two prayer in the present petition. In the first prayer they are seeking clarification regarding the operating period of the PPAs executed under REC frame work and in second they are praying for review of the pricing methodology of Average Power Purchase Cost (APPC).

5. Regarding the first prayer, Commission is of the view that the operating period of the PPAs executed between Discoms and generators has to be governed by the terms of PPA. As per Petitioner all the PPAs executed under REC framework are upto 31.03.2019. Therefore, there is nothing to be decided by the Commission. It is for the parties to take a decision on the duration of the agreement.
6. Regarding the second prayer, review of the pricing methodology of Average Power Purchase Cost (APPC), Commission observe that the pricing methodology for determination of APPC under REC mechanism is provided in the RERC (Renewable Energy Certificate and Renewable Purchase Obligation Compliance Framework) Regulations, 2010 and for any change in the said methodology, amendment in the Regulations is needed for which Commission has to follow due procedure for amendment in Regulations.
7. However, Commission has noted the suggestions of the Petitioners regarding change in pricing methodology of APPC and as and when Commission initiate the process for amendment in REC Regulations, 2010 it would treat the proposal of Petitioners as a suggestion/input and take a considered decision after hearing all the concerned.
8. In light of above this petition stands disposed at the admission stage itself.

(S.C. Dinkar)
Member

(R.P. Barwar)
Member

(Vishvanath Hiremath)
Chairman