

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

UNSTARRED QUESTION NO:1499

ANSWERED ON:05.03.2010

CERC NOTIFICATION REGARDING RENEWABLE ENERGY SOURCES

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**Will the Minister of POWER be pleased to state:**

(a) whether the Central Electricity Regulatory Commission (CERC) has notified regulation on the renewable energy certificates to promote renewable sources of energy and development of market in electricity;

(b) if so, the details thereof; and

(c) the impact of such regulations notified so far?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI BHARATSINH SOLANKI)

(a) & (b): Yes, Madam. The Electricity Act, 2003 mandates that the Appropriate Commission shall endeavour to promote the development of market (including trading). The Central Electricity Regulatory Commission (CERC) has informed that to give push to renewable energy capacity addition in the country it has notified Regulation on Renewable Energy Certificate (REC) and the salient features of the REC Regulations are as under:

(i) There will be a central level agency to be designated by the Central Commission for registration of renewable energy (RE) generators participating in the scheme.

(ii) The RE generators will have two options – either to sell the renewable energy at preferential tariff fixed by the concerned Electricity Regulatory Commission or to sell the electricity generation and environmental attributes associated with RE generation separately.

(iii) On choosing the second option, the environmental attributes can be exchanged in the form of REC. Price of electricity component would be equivalent to weighted average power purchase cost of the distribution company including short-term power purchase but excluding renewable power purchase cost.

(iv) The Central Agency will issue the REC to RE generators.

(v) The value of REC will equivalent to 1 MWh of electricity injected into the grid from renewable energy sources.

(vi) The REC will be exchanged only in the Power Exchanges approved by CERC within the band of a floor price and a forbearance (ceiling) price to be determined by CERC from time to time.

(vii) The distribution companies, Open Access consumer, Captive Power Plants (CPPs) will have option of purchasing the REC to meet their Renewable Purchase Obligations (RPO). Pertinently, renewable purchase obligation is the obligation mandated by the State Electricity Regulatory Commission (SERC) under the Act, to purchase minimum level of renewable energy out of the total consumption in the area of a distribution licensee.

(viii) There will also be compliance auditors to ensure compliance of the requirement of the REC by the participants of the scheme.

(c): According to the Central Electricity Regulatory Commission (CERC) the implementation of framework for REC requires framing of corresponding regulations by the State Electricity Regulatory Commissions (SERCs). It has been informed by the CERC that the SERCs have initiated the process.