

**GOVERNMENT OF INDIA
NEW AND RENEWABLE ENERGY
LOK SABHA**

UNSTARRED QUESTION NO:2732
ANSWERED ON:12.03.2015
RENEWABLE ENERGY CERTIFICATES
Hansdak Shri Vijay Kumar

Will the Minister of NEW AND RENEWABLE ENERGY be pleased to state:

- (a) the details of stipulation to source renewable energy in accordance with the Electricity Act, 2013;
- (b) whether a number of States have been unable to meet this stipulation and if so, the compliance status thereof, State-wise;
- (c) whether the Union Government has allowed States to buy Renewable Energy Certificates (RECs) to make up their mandatory renewable energy purchases, from private players and if so the details thereof;
- (d) whether the Central Electricity Regulatory Commission and the Forum of Electricity Regulators have urged amendments in the existing RECs regulations; and
- (e) if so, the details thereof along with the steps taken by the Union Government to encourage private players in the generation of renewable energy sources in remote areas of the country?

Answer

THE MINISTER OF STATE FOR POWER, COAL & NEW AND RENEWABLE ENERGY (INDEPENDENT CHARGE) (SHRI PIYUSH GOYAL)

(a): There is no Electricity Act 2013. However, on 19 December 2014, the Government of India introduced the Electricity (Amendment) Bill, 2014 in the Lok Sabha that seeks amendments in the Electricity Act 2003.

The Electricity Act, 2003 mandates State Electricity Regulatory Commissions (SERCs) to specify a percentage of total power consumed by the obligated entities from renewable energy in their States and also ensure compliance. Pursuant to it, all states (except Sikkim) have notified Renewable Purchase Obligation (RPO) regulations.

(b): An analysis of the Annual Revenue Requirement (ARR) filed by electricity Distribution Companies and the Tariff Orders issued by the State Electricity Regulatory Commissions for the year 2013-14 suggests that the States of Karnataka, Tamil Nadu, Rajasthan, Gujarat, Himachal Pradesh, Maharashtra, Uttarakhand, Punjab and Jammu & Kashmir and the Union Territory (UT) of Chandigarh have made provisions for above 75 percent compliance of the Renewable Purchase Obligation (RPO). The remaining States and UTs have provision for less than 75 percent RPO compliance.

(c): Renewable Energy Certificate (REC) mechanism was introduced by way of notification of the Central Electricity Regulatory Commission (CERC) (Terms and conditions for recognition and issuance of renewable energy certificate for renewable energy generation) Regulations, 2010 dated 14 January 2010, to facilitate inter-State exchange of renewable power irrespective of geographical constraints and to help renewable energy constrained States to meet their Renewable Purchase Obligation (RPO). The mechanism enabled the States to meet their RPO through the purchase of RECs that inter-alia have been generated by the private sector.

(d)&(e): The Central Electricity Regulatory Commission vide notification No. L-1/12/2010-CERC: dated the 30 December, 2014 and vide order in Petition No. SM/016/2014 (Suo Motu) dated 30 December, 2014 has amended the REC regulation. The amendments include revision in Solar REC Floor price and Solar REC Forbearance price, making distribution licensee eligible to apply for registration with the Central Agency for issuance of and dealing in RECs.

The Government is encouraging private players in generation of renewable energy sources, including in remote areas by providing a range of fiscal and financial incentives including capital and/or interest subsidy, 100 per cent tax holiday on the earnings for 10 years, generation based incentive, accelerated depreciation, financing solar rooftop systems as part of home loan, and concessional excise and custom duties, preferential tariff for power generation from renewables.