

**Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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Case No.35 of 2017

Date: 16 March, 2017

**CORAM: Shri. Azeez M. Khan, Member
Shri. Deepak Lad, Member**

Petition of Reliance Infrastructure Limited – Distribution to allow cumulative fulfillment of Renewable Purchase Obligation for FY 2016-17 and FY 2017-18

Reliance Infrastructure Limited –Distribution (RInfra-D) Petitioner
Maharashtra Energy Development Agency (MEDA)

Appearance

For RInfra-D : Shri Ghansham Thakkar (Rep.)
For MEDA : None

For Authorized Consumer Representative : Dr. Ashok Pendse (Rep), TBIA

Daily Order

Heard the Representative of the Petitioner and Authorized Consumer Representative.

1. RInfra-D stated that:

(i) Regulation 7.1 of the Renewable Purchase Obligation (RPO), its Compliance and Implementation of REC Framework Regulations, 2016 ('RPO Regulations, 2016') stipulates the quantum of purchase (in %) by Obligated Entities (OE)s from Renewable Energy (RE) sources for Solar and non-Solar energy aggregating to a particular percentage for the period from FY 2016-17 to FY 2019-20.

(ii) To fulfill the RPO target specified for FY 2016-17, RInfra-D has purchased RE (Solar as well as non-Solar) under long term contracts and also from substantial purchase of non-Solar Renewable Energy Certificates (RECs). Based on the estimated Input Energy (9020 MUs), considering the RE being procured and REC purchase till date for FY 2016-17, there is still a shortfall at present of 24 MUs and 228 MUs (total 252 MUs) for meeting its Solar and non-Solar RPO, respectively. It was proposed to meet this shortfall by purchase of RECs from the Power Exchanges in March, 2017.

(iii) The Central Electricity Regulatory Commission (CERC), in its draft Order dated 28 February, 2017, has proposed a downward revision of the Forbearance and Floor prices of Solar and non-Solar RECs from 1 April, 2017. The proposed Floor price is Rs. 1000/ REC.

(iv) RIntra-D has complied with its RPO target for the earlier period upto FY 2015-16. It is yet to purchase 252 MUs (Solar and non-Solar) equivalent of RECs to meet the RPO target for FY2016-17, which it was proposing to buy in March, 2017. However, if this balance REC requirement is allowed to be purchased in FY2017-18, instead of in March, 2017, the REC purchase cost will be much lower, at Rs. 25 crore considering the lower price expected to be finalized by CERC, as against Rs. 42 crore as per the present REC prices. This would result in benefit of approximately Rs. 17 crore to consumers of RIntra-D.

(v) In view of the above and in exercise of its power under Regulation 16 to relax the RPO Regulations, the Commission may allow RIntra-D to defer the purchase of the balance requirement of REC to the extent of approximately 252 MUs to FY 2017-18, and to allow it cumulative fulfillment of its RPO for FY 2016-17 and FY 2017-18.

(vi) The Commission may intimate its decision before 29 March, 2017, which will be the last occasion for purchase of RECs in FY 2016-17, so that RIntra-D can decide by that date the appropriate course of action for RPO compliance.

2. Dr. Ashok Pendse, on behalf of Thane-Belapur Industries Association (TBIA), an Authorized Consumer Representative, stated that purchasing RECs at the lower Floor Price expected to be finalized by CERC would be of substantial benefit to the consumers. Hence, the proposal of RIntra-D may be agreed to, and a similar dispensation provided to other Distribution Licensees also.
3. The Commission notes that, by its Order dated 28 February, 2017, the CERC has sought stakeholder comments on its proposal to fix, from 1 April, 2017, the Floor prices at Rs. 1,000/MWh for both Solar and non-Solar REC (as against Rs. 3,500 and Rs. 1,500/MWh, respectively, at present); and the Forbearance prices at Rs. 2,500 for Solar and Rs. 2,900/MWh for non-Solar RECs (as against the existing Rs. 5,800 and Rs. 3,300/MWh, respectively). Thus, the CERC has envisaged substantially lower REC prices in FY 2017-18. While these have yet to be finalized, considering the likelihood that they will be significantly lower in FY 2017-18 and the fact that it is already the fag end of FY 2016-17, purchase of RECs now in March, 2017 to meet any remaining RPO shortfall may be considerably more costly for the Distribution Licensees and consequently their consumers (and for other Obligated Entities) than if they could buy RECs for the purpose in FY 2017-18, which commences a few days from now.
4. In these circumstances, the Commission considers it appropriate, in exercise of its power under Regulation 16, to relax the provisions of the RPO Regulations, 2016 while keeping in view the basic purpose of the Regulations, and allow RIntra-D and the other Distribution Licensees and Obligated Entities to purchase RECs in FY 2017-18 to the extent of any shortfall in RPO compliance as on date, and to consider such purchase towards compliance of their RPO targets upto FY 2016-17.

The Case is reserved for Order.

**Sd/-
(Deepak Lad)
Member**

**Sd/-
(Azeez M. Khan)
Member**