

No.: CE/RE/Draft RPO Regulation/

Date:

31716

16 NOV 2019

To,
The Secretary,
Maharashtra Electricity Regulatory Commission,
Centre No. 1, 13th Floor, World Trade Centre,
Cuff Parade, Mumbai - 400005

Sub: - Comments on Draft Maharashtra Electricity Regulatory Commission (Renewable Purchase Obligation, its Compliance and Implementation of Renewable Energy Certificate Framework) Regulations, 2019.

Ref: - MERC, Public notice dated 26th October 2019 vide Advt. No. 09/2019-20.

Respected Sir,

This is with reference to MERC's public notice under reference with regards to “Draft Maharashtra Electricity Regulatory Commission (Renewable Purchase Obligation, its Compliance and Implementation of Renewable Energy Certificate Framework) Regulations, 2019”.

The Hon'ble Commission has invited written comments, suggestions or objections from stakeholders and has directed to submit till 18.11.2019. Considering the significance of certain key points of the Draft Regulation, MSEDCL has briefly provided some of its comments herein under in draft regulation to ensure addressing of the same in final Maharashtra Electricity Regulatory Commission (Renewable Purchase Obligation, its Compliance and Implementation of Renewable Energy Certificate Framework) Regulations, 2019.

1. Renewable Purchase Obligation Target, Incentives and Penalty:

MSEDCL has fulfilled its non-solar RPO target up to FY 2017-18. Further, in the draft Regulations the proposed non-solar RPO target is same for each year of the control period, however the solar RPO target is set to 13.5% by 2024-25 which is stiff to achieve during control period. As we know that, the solar is an emerging technology and very recently the solar tariff has attained the grid parity. Further, MSEDCL is taking all out efforts to fulfill the ambitious solar RPO target as notified by earlier regulation and set by Central Government.

MSEDCL has planned to fulfill the solar RPO target by procurement of RE power through competitive bidding process and executing long term power purchase agreements with RE generators. MSEDCL has started floating tenders for procurement of solar RE power on long term basis through competitive bidding from FY 2017-18 and has floated total 9 nos. of tender with cumulative bid capacity of 9650 MW under centralized inter / intra state grid connected solar projects & decentralized 2-10 MW solar plants under Mukhyamantri Saour Krishi Vahini Yojana. Apart from own tendering process, MEDCL is in process of procuring solar power from EESL, SECI and MSPGCL entities. However till today solar capacity

contracted is around 4200 MW only and to fulfill the solar RPO target of 13.5% by FY 2024-25; as per MSEDCL estimates total solar capacity required to be contacted and commissioned is around 12500 MW.

MSEDCL is taking all out efforts to meet these ambitious RPO targets by conducting competitive bidding process as elaborated above, however the Competitive bidding process has its own course of time and response to tenders depends on various other factors which are beyond the control of Licensee. Further for commissioning of solar projects selected under Competitive bidding will take minimum 2 to 3 years and accordingly power from these projects will be available for fulfilling the RPO after a time period of 2-3 years. However, penalizing the Discom for falling short of such stiff RPO target will pose unnecessary burden on MSEDCL and its consumers and hence, MSEDCL humbly prays to the Hon'ble Commission that, penalty should not to be levied upto FY 2024-25 for non-achievement of RPO target.

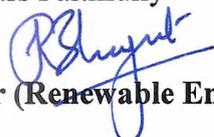
2. Grid Connectivity Framework:

It is submitted that, the RE sites, particularly hydro, biomass and co-generation projects are remotely located and no grid network is available in nearby vicinity. The Regulations states that, the license shall be responsible for development of evacuation infrastructure beyond the inter-connection point. The interconnection point as defined in Regulation in relation to hydro, biomass, bagasse etc. means the line isolator on the outgoing feeder on the HV side of the generator transformer. The evacuation infrastructure involves the cost of express feeder from an interconnection point to grid network. Owing to the remote locations, expenditure required to be incurred on evacuation infrastructure is huge. Further in case of hydro projects, due to smaller installed capacity [Mini Hydro (> 500 kW and < 1 MW)-and micro projects (< 500 kW)], the power generated from these project will be low. It is observed that in some cases cost of evacuation infrastructure is considerably high in comparison with total project cost and power generated from such projects is not economically viable. Hence, there shall be some ceiling or mechanism to determine the economic feasibility of such projects from evacuation infrastructure point of view so as to avoid burdening to the common consumers of MSEDCL with RE infrastructure expenditure. MSEDCL propose that, the maximum evacuation infrastructure cost per MW to be borne by licensee should be limited to INR 25 lakh / MW only subject to overall ceiling of INR 1 Crore only.

The detailed comments / suggestions of MSEDCL are enclosed herewith as **Annexure A**. It is kindly requested that the same may please be taken on record and are considered in the Final MERC (Renewable Purchase Obligation, its Compliance and Implementation of Renewable Energy Certificate Framework) Regulations, 2019

Thanking You,

Yours Faithfully


Chief Engineer (Renewable Energy)

Comments on MERC (Renewable Purchase Obligation, its compliance and Implementation of REC Framework) Regulations, 2019

Clause	Draft Regulations, 2019	Comments																											
	PART A: GENERAL																												
	PART B: RENEWABLE ENERGY PURCHASE OBLIGATION																												
7	Renewable Purchase Obligation target																												
7.1	<p>Every "Obligated Entity" shall procure electricity generated from eligible renewable energy sources to the extent of the percentages, out of its total procurement of electricity from all sources in a year, set out in the following Table:</p> <table border="1"> <thead> <tr> <th rowspan="2">Year</th> <th colspan="3">Minimum Quantum of purchase (in %) from renewable energy sources (in terms of energy equivalent in kWh)</th> </tr> <tr> <th>Solar</th> <th>Non-Solar (Other RE)</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>4.50%</td> <td>11.50%</td> <td>16.00%</td> </tr> <tr> <td>2021-22</td> <td>6.00%</td> <td>11.50%</td> <td>17.50%</td> </tr> <tr> <td>2022-23</td> <td>8.00%</td> <td>11.50%</td> <td>19.50%</td> </tr> <tr> <td>2023-24</td> <td>10.50%</td> <td>11.50%</td> <td>22.00%</td> </tr> <tr> <td>2024-25</td> <td>13.50%</td> <td>11.50%</td> <td>25.00%</td> </tr> </tbody> </table>	Year	Minimum Quantum of purchase (in %) from renewable energy sources (in terms of energy equivalent in kWh)			Solar	Non-Solar (Other RE)	Total	2020-21	4.50%	11.50%	16.00%	2021-22	6.00%	11.50%	17.50%	2022-23	8.00%	11.50%	19.50%	2023-24	10.50%	11.50%	22.00%	2024-25	13.50%	11.50%	25.00%	<p>MSEDCL input / GEC to be considered at T<>D interface only i.e. distribution periphery for determination of RPO target.</p> <p>MSEDCL has fulfilled its non-solar RPO target up to FY 2017-18. The non-solar RPO target has been kept same for the control period. However the solar target set to 13.5% by 2024-25 is stiff to achieve during control period. Solar is an emerging technology and very recently the solar tariff has attained the grid parity. MSEDCL is taking all out efforts to fulfill the ambitious solar RPO obligation as notified by earlier regulation and set by Central Government.</p> <p>MSEDCL has planned to fulfill the solar RPO target by procurement of RE power through competitive bidding process and executing long term power purchase agreements with RE generators. MSEDCL has started floating tenders for procurement of solar RE power on long term basis through competitive bidding from FY 2017-18 and has floated total 9 nos. of tender with cumulative bid capacity of 9650 MW under centralized inter / intra state grid connected solar projects & decentralized 2-10 MW solar plants under Mukhyamantri Saour Krishi Vahini Yojana. Apart from own tendering process, MEDCL is in process of procuring solar power from EESL, SECI</p>
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		<p>and MSPGCL entities. However till today solar capacity contracted is around 4200 MW only and to fulfill the solar RPO target of 13.5% by FY 2024-25; as per MSEDCL estimates total solar capacity required to be contacted and commissioned is around 12500 MW.</p> <p>MSEDCL is taking all out efforts to meet these ambitious RPO targets by conducting competitive bidding process as elaborated above.</p>
7.6	<p>An Obligated Entity may meet its RPO target by way of its own generation or procurement of power from another RE Project or by purchase from a Licensee or by purchase of RECs or by a combination of these options: Provided that procurement of RE power by a Distribution Licensee at a Generic Tariff rate approved by the State Commission or at a rate discovered through transparent process of competitive bidding and duly approved/adopted by the Commission shall be considered as eligible quantum for fulfilment of the RPO of such Distribution Licensee;</p>	<p>The procurement of RE power from RE generators at a mutually agreed price or rate decided by State Government; prior to notification of MERC (RPO, its Compliance and implementation of REC) Regulations, 2010 shall also be considered as eligible quantum for fulfillment of the RPO of such Distribution Licensee.</p>
8	<p>Certificates under the Regulations of the Central Commission</p> <p>Subject to the terms and conditions contained in these Regulations, the Certificates issued under the Central Electricity Regulatory Commission (Terms and conditions for recognition and issue of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010, as amended from time to time shall be valid instruments for the discharge of the mandatory obligations set out in these Regulations for the obligated entities to purchase electricity from renewable energy sources.</p> <p>Provided that in the event of an Obligated Entity seeking to fulfill its Renewable Purchase Obligation by purchase of Certificates, the obligation to purchase electricity from solar generation may only be</p>	<p>In line with provision 7.3 of the present regulation, upto 15% certificates of corresponding energy shall be allowed to cross adjust the solar and non-solar target.</p>

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	fulfilled by purchase of solar Certificates only, and the obligation to purchase electricity from generation based on renewable energy other than solar may only be fulfilled by purchase of non-solar Certificates.	
9	State Agency	
9.2	The State Agency shall devise an appropriate protocol for collection of information from various sources such as RE Generating Companies, Obligated Entities, MSLDC, etc., and compute the compliance of RPO targets by Obligated Entities.	The following shall be added: “ <i>and shall publish the data in public domain periodically.</i> ”
10	Distribution Licensees	
10.4	Within 30 days of close of the financial year, each Distribution Licensee shall submit a detailed statement of energy procurement from various RE sources, duly certified by the statutory auditor.	Considering the voluminous RE data of MSEDCL and the computations and complication involved, instead of 30 days, time period of 90 days shall be given to submit the same.
11	Captive Users and Open Access Consumers	
11.1	Subject to the conditions specified in Regulation 5, Captive Users and Open Access Consumers shall submit details of their consumption of electricity and power purchase from RE sources towards fulfillment of their respective RPO on a monthly basis to the State Agency.	The embedded captive generating plants shall have suitable communication facility as per provision 4.3 of Regulation.
12	Incentives and Penalty	
12.2	Obligated Entity shall endeavor to achieve total RPO target notified by the Central Government and for doing so it will get incentive of Rs 0.25 per kWh for RE procured above the minimum percentage specified in Regulation 7 upto the percentage notified by the Central Government as under or as may be notified from time to time: Provided such incentive will not applicable if Obligated Entity have not fulfilled Renewable Purchase Obligations on cumulative basis; Provided further that RE procured during the year for meeting RPO of previous years shall be deducted while determining eligible RE quantum for incentives.	

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12.3	<p>Any shortfall in meeting the minimum percentage of RE as specified in Regulation 7 shall be carried forward to next year and Obligated Entity shall meet such shortfall on cumulative basis; Provided that Distribution Licensee shall be subjected to reduction in Annual Revenue Requirement at a rate of Rs 0.10 per kWh for shortfall in total RE procurement target for each year. Provided further that other Obligated Entities shall be subjected to penalty of Rs. 0.10 per kWh for shortfall in total RE procurement target for each year.</p>	<p>MSEDCL is taking all out efforts to meet these ambitious RPO targets by conducting competitive bidding process as elaborated earlier, however the Competitive bidding process has its own course of time and response to tenders depends on various other factors which are beyond the control of Licensee. Further for commissioning of solar projects selected under Competitive bidding will take minimum 2 to 3 years and accordingly power from these projects will be available for fulfilling the RPO after a time period of 2-3 years. However, penalizing the Discom for falling short of such stiff RPO target will pose unnecessary burden on MSEDCL and its consumers and hence, MSEDCL humbly prays to the Hon'ble Commission that, penalty should not to be levied upto FY 2024-25 for non-achievement of RPO target.</p>
12.4	<p>Incentives and Penalties for Distribution Licensees shall be determined and approved/levied by the Commission in ARR determination process.</p>	<p>MSEDCL would like to submit that, the Hon'ble Commission may permit Distribution Licensee to keep amount for shortfall in RPO at REC prices in separate RPO fund for the respective financial year and the same shall be allowed to recover from the consumers.</p>
13.4	<p>Every Obligated Entity shall submit its electricity consumption and details of RE procured for previous month by 7th of each month on the Web based portal</p>	<p>Considering the billing cycle of RE generators, voluminous data and reconciliation of the same, at least 30 days period shall be granted.</p>
13.7	<p>At the end of Financial Year, Obligated Entities shall upload/submit documentary evidence of procurement of RE or REC to State Agency through RPO Web-portal; Provided that such document shall be submitted within 30 days from end of Financial Year; Provided further that State Agency shall complete verification</p>	<p>Considering the billing cycle of RE generators, voluminous data and reconciliation of the same, at least 90 days period shall be granted.</p>

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	process within 45 days of end of Financial Year.	
13.9	Based on RPO compliance status, State Agency shall compute incentive or penalty to be levied to Obligated Entity; Provided that incentive or penalty leviable to Distribution Licensee shall be finalised and adjusted in Annual Revenue Requirement; Provided further that incentive payable to Other Obligated Entity shall be paid by the State Agency from RPO Fund; Provided further that penalty payable by Other Obligated Entity shall be levied by the State Agency with 15 days as due date of payment which shall be deposited in RPO Fund.	MSEDCL humbly prays to the Hon'ble Commission that, the penalty for non-achievement of solar RPO target not to be levied upto FY 2024-25.
	PART C: OTHER MATTERS	
14	Grid Connectivity Framework	
	<p>The concerned Licensee shall be responsible for development of evacuation infrastructure beyond the inter-connection point, while the Generating Company shall develop evacuation infrastructure from the generation facility up to the inter-connection point at its own expense:</p> <p>Provided that the evacuation infrastructure cost beyond the inter-connection point shall be borne by the Licensee and shall be recovered from its Consumers as per the pricing framework developed by the State Commission.</p>	<p>It is submitted that, the RE sites, particularly hydro, biomass and co-generation projects are remotely located and no grid network is available in nearby vicinity. The Regulations states that, the license shall be responsible for development of evacuation infrastructure beyond the inter-connection point. The interconnection point as defined in Regulation in relation to hydro, biomass, bagasse and other RE technologies means the line isolator on the outgoing feeder on the HV side of the generator transformer. The evacuation infrastructure involves the cost of express feeder from an interconnection point to grid. Owing to the remote locations, expenditure required to be incurred on evacuation infrastructure is huge. Further in case of hydro projects, due to smaller installed capacity [Mini Hydro (> 500 kW and < 1 MW)-and micro projects (< 500 kW)], the power generated from these project will be low. It is observed that in some cases cost of evacuation infrastructure is considerably high in comparison with total project</p>

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