

**DRAFT REGULATIONS FOR  
ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION  
UNDER SECTION 86(1)(e) OF THE ACT**

No.

Dated: -12-2011

**NOTIFICATION**

In exercise of powers conferred under sections 61, 66, 86(1)(e) and 181 of the Electricity Act, 2003 and all other powers enabling it in this behalf, the Andhra Pradesh Electricity Regulatory Commission hereby makes the following regulations for the Renewable Power Purchase Obligation (RPPO) and its compliance:

**1. Short title and commencement:**

- (i). These regulations may be called the APERC (Renewable Power Purchase Obligation and its compliance) Regulations, (Regulation No.1 of 2012).
- (ii). These regulations shall come into force from the date of their publication in the Official Gazette.
- (iii). These Regulations shall apply throughout the State of Andhra Pradesh.

**2. Definitions and Interpretation:** In these regulations, unless the context otherwise requires,

- (a). 'Act' means the Electricity Act, 2003 (36 of 2003);
- (b). 'Central Agency' means the agency operating the National Load Dispatch Centre (NLDC) or such other agency as the Central Commission may designate from time to time.
- (c). 'Central Commission' means the Central Electricity Regulatory Commission referred to in sub-section (1) of section 76 of the Act;
- (d). 'Certificate' means the Renewable Energy Certificate issued by the Central Agency in accordance with the procedures prescribed by it and under the provisions specified in the Central Electricity Regulatory Commission (Terms

and Conditions for recognition and issue of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010;

- (e). 'Commission' means the Andhra Pradesh Electricity Regulatory commission as referred in subsection (1) of section 82 of the Act;
- (f). 'Forbearance Price' means the ceiling price as determined by the Central Commission in accordance with 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, within which only the Certificate can be dealt in power exchange;
- (g). 'MNRE' means the Ministry of New and Renewable Energy;
- (h). 'Obligated Entity' means the distribution licensee, consumer owning the captive power plants and open access consumer in the state of Andhra Pradesh, which is mandated to fulfil Renewable Power Purchase Obligation (RPPO) under these Regulations;
- (i). 'Power Exchange' means any exchange operating as the power exchange for electricity in terms of the orders issued by the Central Commission;
- (j). 'Preferential Tariff' means the tariff fixed by the Andhra Pradesh Electricity Regulatory Commission from time to time for sale of energy from a generating station based on renewable energy sources to a distribution licensee;
- (k). 'Renewable energy sources' means renewable sources such as Cogeneration (from renewable sources of energy like bagasse), Mini Hydel, Municipal Waste, Industrial Waste, Biomass, Wind, Solar including its integration with combined cycle, bio fuel cogeneration and such other sources as recognized or approved by MNRE;
- (l). 'State Agency' means the State Load Despatch Centre of the State of Andhra Pradesh as defined under section 2(66) of the Act or the agency so

designated by the Commission under Clause 5(4) of these Regulations to act as the agency for accreditation and recommending the renewable energy projects for registration and to undertake functions under these regulations;

- (m). 'Year' means a Financial Year.
- (n). 'RPPO' means Renewable Power Purchase Obligation prescribed under clause 3(1) of this Regulation.
- (o). 'RESCO' means Rural Electricity Supply Cooperative Society.

Words and expressions used in these Regulation and not defined but defined in the Act or the regulations issued by the Central Commission or any other regulations issued by the Commission, shall have the same meaning assigned to them respectively in the Act or such regulations issued by the Central Commission or such other regulations issued by the Commission.

### **3. Renewable Power Purchase Obligation (RPPO):**

- (1) Every obligated entity shall purchase from renewable energy sources, a quantum of not less than 5% of its consumption of energy, during each of the years from 2014-15 to 2018-19 (each year commencing from 1<sup>st</sup> April of the Calendar Year and ending on 31<sup>st</sup> March of the subsequent Calendar Year);

Provided that a minimum of 0.25% percentage out of the 5% Renewable Power Purchase Obligation (RPPO) above specified shall be procured from generation based on solar as renewable energy sources;

Provided further, such obligation to purchase renewable energy shall be inclusive of the purchases, if any, from renewable energy sources already being made by concerned obligated entity;

Provided further, that the purchase of renewable power, by the distribution licensee, from other distribution licensees in the state of Andhra Pradesh

shall also be taken into account for computing the fulfilment of Renewable Power Purchase Obligation (RPPO) by such a licensee;

Provided further, that the consumption of a Rural Electricity Supply Cooperative Society (RESCO) shall be taken into account for calculating the consumption of a distribution licensee for the purpose of this Regulation. There shall be no separate Renewable Power Purchase Obligation on the RESCOs.

Provided also that the power purchases under the power purchase agreements for the purchase of renewable energy sources already entered into by the distribution licensees and consented to by the Commission shall continue to be made till their present validity, even if the total purchases under such agreements exceed the percentage as specified hereinabove.

#### **4. Certificates under the Regulations of the Central Commission:**

- (1) 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 shall be the 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.

Provided that in the event of the obligated entity fulfilling the Renewable Power Purchase Obligation (RPPO) by purchase of certificates, the obligation to purchase electricity from generation based on solar as renewable energy source can be fulfilled by purchase of solar certificates only, and the obligation to purchase electricity from generation based on renewable energy other than solar can be fulfilled by purchase of non-solar certificates.

- (2) Subject to such direction as the Commission may give from time to time, the obligated entity shall act consistent with the Central Electricity Regulatory Commission (Terms and Conditions for recognition and issue of

Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 notified by the Central Commission in regard to the procurement of the certificates for fulfilment of the Renewable Power Purchase Obligation (RPPO) under these regulations.

- (3) The Certificates purchased by the obligated entities from the power exchange in terms of the regulation of the Central Commission mentioned in clause (1) of this Regulation shall be deposited by the obligated entities to the Commission in accordance with the detailed procedure issued by the Central Agency.

#### **5. State Agency:**

- (1) The State Agency shall function in accordance with the directions issued by the Commission and shall act in consistence with the procedures and rules laid down by the Central Agency for discharge of its functions under the Central Electricity Regulatory Commission (Terms and Conditions for recognition and issue of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010.
- (2) The State Agency shall submit quarterly status to the Commission in respect of compliance of Renewable Power Purchase Obligation by the obligated entities in the format as stipulated by the Commission and may suggest appropriate action to the Commission if required for compliance of the Renewable Power Purchase Obligation.
- (3) The Commission may from time to time fix the remuneration and charges payable to the State Agency for discharge of its functions under these regulations.
- (4) If the Commission is satisfied that the State Agency is not able to discharge its functions satisfactorily, it may by general or special order, and by recording reasons in writing, designate any other agency to function as State Agency as it considers appropriate.

**6. Eligibility and Registration for Certificates: -**

A generating company engaged in generation of electricity from renewable energy sources shall be eligible for obtaining accreditation from the State Agency if it fulfils the following conditions:

- a). It does not have any power purchase agreement for the capacity related to such generation to sell electricity at a preferential tariff determined by the Commission; and
- b). It sells the electricity generated either (i) to the distribution licensee in the State of Andhra Pradesh at a price not exceeding the pooled cost of power purchase, or (ii) to any other licensee or to an open access consumer at a mutually agreed price, or through power exchange at market determined price.

**7. Consequences of default:**

- (1) If any obligated entity does not fulfil the Renewable Power Purchase Obligation as provided in these regulations during any year by purchasing energy from renewable energy sources under Clause 3 and/or Renewable Energy Certificates under Clause 4, the Commission may direct the obligated entity to deposit into a separate fund, to be created and maintained by such obligated entity, such amount as the Commission may determine on the basis of the shortfall in units of the Renewable Power Purchase Obligation and the forbearance price decided by the Central Commission;  
Provided that the fund so created shall be utilised, as may be directed by the Commission, partly for purchase of the certificates and partly for development of transmission infrastructure for evacuation of power from generating stations based on renewable energy sources;

Provided further that the Commission may empower an officer of the State Agency to procure from the Power Exchange the required number of certificates to the extent of the shortfall in the fulfilment of the obligations, out of the amount in the fund;

Provided further that the remaining amount in the fund after purchasing the required number of certificates to the extent of shortfall in the fulfilment of the obligations shall be utilized for development of transmission infrastructure for evacuation of power from generating stations based on renewable energy sources.

- (2) Where any obligated entity fails to comply with the obligation to purchase the required percentage of power from renewable energy sources or the renewable energy certificates, it shall also be liable for penalty as may be decided by the Commission under section 142 of the Act;

Provided that in case of genuine difficulty in complying with the Renewable Power Purchase Obligation because of non-availability of certificates, the obligated entity can approach the Commission for carry forward of compliance requirement to the next year;

Provided that where the Commission has consented to the carry forward of compliance requirement, the provision of clause (1) of the Regulation or the provision of section 142 of the Act shall not be invoked.

**8. Effect of these Regulations on earlier RPP0 Orders:**

Notwithstanding these Regulations coming into force from the date of their publication in the Official Gazette, the Renewable Power Purchase Obligation Order dated 31-03-2009 issued in O.P.No.16 of 2008 (Suo-Motu), to the extent amended vide orders dated 06-07-2010 in O.P.No.10 of 2010, shall continue to be in operation in the state of Andhra Pradesh till 31<sup>st</sup> March 2014.

**9. Power to remove difficulties:**

The Commission shall suo-motu or on an application from any person generating electricity from renewable sources or an entity mandated under clause (e) of sub-section (1) of section 86 of the Act to fulfil the Renewable Power Purchase Obligation may review, add, amend or alter these regulations and pass appropriate orders to remove any difficulty in exercising the provisions of these regulations

**SECRETARY**