

**MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION
BHOPAL**

Sub: Methodology for creation and operationalization of separate account for remitting funds by obligated entities towards RPO compliance in case of shortfall in procuring RE power as per RPO target specified by Commission from time to time.

ORDER

(Date of Order 2nd March 2023)

The Madhya Pradesh Electricity Regulatory Commission (hereinafter called the Commission or MPERC) notified the Madhya Pradesh Electricity Regulatory Commission (Cogeneration and Generation of Electricity from renewable sources of energy) Regulations, 2021 (Revision-II) {RG-33(II) of 2021} [hereinafter called Co-gen Regulation] on 12th November 2021 as amended time to time. Clause 15 of the aforesaid Co-gen Regulation provides as under:-

"15.1 In the event the Obligated entities do not fulfil the mandate of the obligation to purchase energy from Renewable Energy Sources as provided in these regulations during any Financial Year and also do not purchase the certificates from the Power Exchange, the Commission may:

(i) Direct obligated entity to deposit into a separate fund, to be maintained by such obligated entity, such amount as the Commission may determine as required for purchase of Certificates to the extent of the estimated obligation on the basis of the shortfall in units of RPO and the forbearance price of the Certificates, which shall be utilized as may be directed by the Commission, partly for purchase of the certificates and partly for development of Transmission infrastructure of evacuation of power from generating stations based on Renewable Energy Sources:

Provided that the Obligated entities shall not be authorized to use the fund created in pursuance of Clause(i) above, without prior approval of the Commission.

(ii) To the extent of the shortfall in the fulfilment of the obligations, the Commission may empower an Officer of the State Agency to procure from the Power Exchange the required number of Certificates out of the amount in the fund.

15.2 The distribution licensee shall be in breach of its licence conditions if it fails to deposit the amount directed by the Commission within 15 days of the communication of the direction.

15.3 Further, where any person though required to comply with these Regulations fails to purchase the required percentage of power from Renewable Energy Sources or the Renewable Energy Certificates, he shall also be liable for penalty as may be decided by the Commission under section 142 of the Act."


3/3/23

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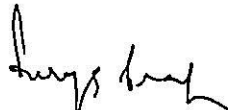
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2. In compliance to the aforesaid provisions under Clause 15 of MP Electricity Co-gen Regulation, the Commission through this order hereby approves the Methodology for creation and operationalization of separate account for remitting funds by obligated entities towards RPO compliance in case of shortfall in procuring RE power as per RPO target specified by the Commission from time to time. The methodology, so approved is annexed to this order, as Annexure-I.


(P. K. Chaturvedi)
Member (T)


(Gopal Srivastava)
Member (Law)


(S.P.S Parihar)
Chairman
07/2/23

Annexure-1

Methodology for creation and operationalization of separate account for remitting funds by obligated entities towards RPO compliance in case of shortfall in procuring RE power as per RPO target prescribed by Commission from time to time

1. MPERC (Cogeneration and Generation of Electricity from Renewable Sources of Energy) Regulations, 2021(Revision-II) (hereinafter referred to as **Co-gen Regulations**) has been notified in Madhya Pradesh Gazette on 12th Nov 2021 and has come into force from the same date. First amendment to these Regulations, read with corrigendum dated 27.01.2023, came into force on 20th January' 2023 amending Regulations 2, 3, and 10 to the extent cited in the gazette notification dated 20th January' 2023. The regulation, among other things specifies renewable purchase obligation in respect of all the obligated entities of Madhya Pradesh.
2. Regulation 3.1 of the said regulation (as amended) specifies RPO trajectory in respect of obligated entities of Madhya Pradesh.
3. Regulation 3.4 of the Co-gen Regulations stipulates that if an Obligated Entity is not able to fulfil the minimum purchase requirements as specified, it shall purchase Renewable Energy Certificates (RECs) issued by the Central Agency (defined in Regulation 2(iv) of same Regulations) as specified in Part B of these Regulations. Regulation 13.1 further specifies that the Commission recognizes the certificates issued under the CERC (Terms and Conditions for recognition and issue of Renewable Energy Certificate for Renewable Energy Generation) Regulations 2022 as amended from time to time as the valid instrument for full or partial discharge of the mandatory obligation set out in these Regulations for the Obligated Entities.
4. The Commission vide order dated 21st Dec 2021 has designated, Madhya Pradesh Urja Vikas Nigam (MPUVNL) as State Agency (STA) to discharge functions in accordance with Regulation 14 of Co-gen Regulations.

5. Regulation 13.3 of the Co-gen Regulations specifies that the Obligated Entities shall deposit the purchased RECs with the STA and the Commission within 15 days of the purchase.
6. As directed in order dated 21st December 2021 of the Commission, STA is mandated to submit annual RPO compliance report of each Obligated Entity of the Madhya Pradesh including Discoms to the Commission latest by 30th April of each year indicating the category wise shortfall against RPO trajectory, if any.
7. As specified in Regulation 15.1 of the Co-gen Regulations, Commission, on receipt of RPO compliance report of obligated entities from SNA and in case of any shortfall in RPO compliance, an amount determined by the Commission through an order for purchase of RECs to match the shortfall, the concerned obligated entity shall deposit the aforesaid amount into a separate account within a period of 15 days from the date of order of the Commission.
8. The separate account mentioned at serial number 7 above, shall be opened by the obligated entity at scheduled commercial bank at which it is maintaining company's other accounts. The amount parked in such account shall not be used by the obligated entity without prior approval of the Commission.
9. The amount deposited in the account in compliance of the Order(s) of the Commission shall be utilised 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.
10. The authorised Officer of the STA empowered by the Commission, shall seek prior approval of Commission for procurement of RECs to the extent of shortfall in fulfilment of RPO by the Obligated Entity as stipulated in the Order of the Commission issued under Regulation 15.1 of Co-gen Regulations.
11. The Obligated Entity shall ensure that the amount required for procurement of RECs is made available to the authorized officer of STA through appropriate instrument(s)

within 7 days of approval of the Commission given in respect of utilization of amount held in the fund.

12. Upon purchase of RECs, the STA through its authorized officer, shall furnish copies of the RECs, within 3 working days, to the Obligated Entity and the Commission.
13. According to Regulation 15.2 of the Co-gen Regulations, the Distribution Licensee shall be in breach of its License conditions if it fails to deposit the amount directed by the Commission within 15 days of the communication of the direction.
14. Further, according to Regulation 15.3 of the Co-gen Regulations, if the obligated entities fail to purchase the required percentage of power from Renewable Energy Sources or the RECs within 15 days of the communication of the direction of the Commission, they shall also be liable to pay penalty as may be decided by the Commission under Section 142 of the Act.

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