

MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION

BHOPAL

Sub: In the matter of fulfillment of Renewable Purchase Obligations (RPO) for FY 2020-21 by MPPMCL.

ORDER

(Date of Order: 4th July' 2022)

On perusal of the status of compliance for fulfillment of Solar and Non-Solar RPOs for FY 2020-21 by MPPMCL, the Commission had observed the following status:

Particulars	RPO Target (%)			RPO Achievement (%)			Shortfall (%)		
	Solar	Non-Solar	Total	Solar	Non-Solar	Total	Solar	Non-Solar	Total
Against Total Annual Normative Energy Requirement, excluding from Hydel resources, as per retail supply tariff order for FY 2020-21	6.00	8.50	14.50	4.64	6.21	10.85	1.36	2.29	3.65

2. In view of the above, a comprehensive reply was sought from MPPMCL on some of the points in this regard. MPPMCL vide letter dated 28.10.2021 stated reasons for shortfall in meeting RPO targets during FY 2020-21. On examining the reasons cited by MPPMCL for non-fulfillment of RPO obligations in light of provisions under MPERC Cogeneration Regulation, 2010, vide Commission's order dated 23rd December' 2021, following directives were given to MPPMCL under Regulation 15 of MPERC Cogeneration Regulation, 2010:

- (a) To deposit an amount equivalent to the applicable Forbearance Price of RE Certificates, in a separate fund to be created for purchase of Renewable Energy Certificates to the extent of shortfall of units in RPO. The aforesaid fund shall be maintained by MPPMCL and it shall not be authorized to use the aforesaid fund without prior approval of Commission. The aforesaid amount be deposited in the above-mentioned fund within 15 days from the date of issue of order.
- (b) MPPMCL was also directed to show cause to explain why a penalty of Rs. 25,000/- (Rupees Twenty Five thousand only) as per Regulation 15.3 of the aforesaid Regulations be not imposed under Section 142 of the Electricity Act, 2003. MPPMCL was directed to reply to the show cause notice within 15 days from the date of receipt of notice.

3. In response to the aforesaid order, MPPMCL vide letter No. 05-01/CGM(C-NCE)/RPO/71 dated 14.01.2022 while reiterating the reasons for shortfall in meeting the targets mentioning its efforts to fulfill RPO obligations, requested the Commission to condone the shortcomings in achieving the targets. MPPMCL also requested the Commission to repeal the penalty proposed to be imposed on MPPMCL and the directives for creating separate fund for procurement of RE Certificates.

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4. In its submissions, MPPMCL has stated the following reasons for its inability to fulfill solar and non-solar RPOs:

- (i) *In order to match the future year-wise RPO Trajectory, MPPMCL executed PPA with various bidders, for procurement of Solar PV Power from 305 MW capacity, out of which only 205 MW capacity could commission and one of the power plant of 50 MW capacity is under litigation and another 50 MW Power Plant has been abandoned by developer.*
- (ii) *MPPMCL executed PSA with Solar Corporation of India (SECI) for 950 MW Wind capacity under SECI's ISTS connected Wind Projects Scheme which were scheduled to be commissioned in FY 2019-20 but due to COVID-19 pandemic, these projects are delayed and could not be commissioned within the timelines under PPA/ PSAs. Further two WEG projects of 450 MW & 65 MW respectively mapped to MPPMCL have filed petitions before CERC seeking relief to exit from PPA with SECI which have been admitted. Further, from the left out 435 MW wind capacity only 50 MW wind capacity has been commissioned as on date.*
- (iii) *Fall in generation from wind energy projects during FY 2020-21 due to its infirm nature;*
- (iv) *Reduction in energy generation from hydro station during FY 2020-21 due to lower rainfall therefore, qualifying energy for RPO fulfillment increases.*
- (v) *MPPMCL has executed 11 new PSAs including one supplementary PSA for 5649 MW capacity, out of which about 750 MW capacities could be commissioned.*
- (vi) *REC for meeting its RPO shortfall was not available because the trading of REC was kept on hold by Hon'ble APTEL till the final outcome of Appeal No. 113/117/118/123/137/138 of 2020. The final order in aforesaid appeal was issued by Hon'ble APTEL 09.11.2021.*
- (vii) *Green energy market from Power Exchange commenced from August' 2020 after approval of CERC. Also, the rates of green energy in Energy Exchange are on higher side as compared to the PPAs executed by MPPMCL.*
- (viii) *MPPMCL has referred Regulation 15.4 of the MPERC (Co-generation and Generation of Electricity from Renewable Sources of Energy) (Revision-II), Regulations, 2021 which provides that "in case of genuine difficulty in complying with the RPO on account of non-availability of Renewable power or certificates, the obligated entity can approach the Commission to carry forward the compliance requirement to the next year".*

5. The submissions made by MPPMCL have been examined and it is observed that non-fulfillment of RPO targets during FY 2020-21 has been mainly due to delay in commissioning of new solar projects tied up under competitive bidding and on account of reduction in infirm power due to wind energy and hydro power due to low rainfall. Moreover, trading of RECs was kept on hold under order by Hon'ble APTEL for a substantial period. Further, Green Energy market from power exchange started operating w.e.f. August, 2020. Under these circumstances, MPPMCL has requested the Commission to allow carry forward for complying with the requirement of RPO for FY 2020-21 to the following year.

6. The Commission has deliberated at length and has gone into the reasons put forth by MPPMCL and is of the view that there is some merit in what has been stated by MPPMCL towards

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non-fulfillment of RPO Targets during FY 2020-21. However, the reasons are not sufficient to merit a complete waiver of action against MPPMCL because Green Energy Market was available starting with August, 2020 which means nearly eight months were available during FY 2020-21 for procuring green power to fulfill RPO Targets. Moreover, MPPMCL was aware that the relevant Regulations applicable during FY 2020-21 did not have a provision to allow carry forward of obligations to the following year.

7. In view of the above, the Commission directs MPPMCL that an amount equivalent to the deficit in fulfillment of RPO targets at the last available forbearance price for the REC certificates, be deposited in a separate fund as per Regulation 15 of MPERC (Cogeneration and Generation of Electricity from Renewable Sources of Energy) Regulations, 2010 (Revision-I). This may be done within 90 days of this order. The Commission feels that this would serve ends of justice and therefore, it is not necessary to pursue the matter regarding levy of penalty and hence it is dropped at this stage.

(Gopal Srivastava)
Member (Law)

(Mukul Dhariwal)
Member

(S.P.S. Parihar)
Chairman