

**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: 23rd December' 2021)

The targets for Renewable Purchase Obligations for financial year 2020-21 have been provided under Regulation 4.1 of the MPERC (Cogeneration and Generation of Electricity from renewable sources of energy) (Revision - I) (Sixth amendment) Regulations, 2010. The target for the minimum quantum of electricity to be procured by all the Obligated Entities from generators of Renewable Energy including Co-generation from Renewable Sources of electricity are specified as percentage of their total annual procurement of Electrical Energy excluding consumption met from hydro sources of power during the FY 2020-21 are as under:-

FY	MPERC RPO Target		
	Solar (%)	Non-Solar (%)	Total (%)
2020-21	6.00	8.50	14.50

2. On perusal of the status of Solar and Non-Solar RPOs for FY 2020-21 reported by MPPMCL, the following status was observed:

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

3. The fulfillment of RPO targets for Solar and Non-Solar and the shortfall for FY 2020-21 in terms of energy (MUs) as submitted by MPPMCL is as given below:

Total Annual Normative Procurement of Electrical Energy	Total Annual Normative Energy available from Hydro Power	Total Annual Normative Net Energy qualify for RPO (MU)	RPO Target Fixed by MPERC						Energy procured from Renewable Source (MU)		RPO Fulfillment against targets		
			Solar		Non-Solar		Overall		Solar	Non Solar	Solar	Non-Solar	Overall
			%	Mus	%	Mus	%	Mus					
71,954	6,840	65,114	6.00	3907	8.50	5535	14.50	9442	3021	4043	4.64	6.21	10.85

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4. Vide Commission's letter dated 31st August' 2021 MPPMCL was asked to file a comprehensive reply on the following points in this regard:

- (i) Detailed reasons for not fulfilling the solar and non-solar RPO targets in FY 2020-21.
- (ii) Details of actual Solar and Non-Solar capacity available/ tied-up by MPPMCL for RPO fulfillment during FY 2020-21.
- (iii) Why MPPMCL has not complied with the provisions under Regulations 4.3 and 15.1(i) of MPERC (Cogeneration and Generation of Electricity from Renewable Sources of Energy) Regulations, 2010 (Revision-I).

5. In response to the above, MPPMCL vide letter dated 28.10.2021 broadly submitted the following reasons for shortfall in meeting RPO targets during FY 2020-21:

(a) Solar -

The 2x50=100 MW Solar Power Plants of M/s. Sky Power tied-up under Phase-III Bidding Scheme of MPPMCL, could not be commissioned due to termination of the PPAs out of which 50 MW plant still under litigation and other 50 MW Plant has been abandoned by developer.

(b) Non-Solar -

- (i) MPPMCL executed PSA for 950 MW SECI's ISTS connected Wind Projects, which were scheduled to be commissioned during FY 19-20 but due to local reasons and due to Covid-19 pandemic these projects are delayed and could not be commissioned within PSA/PPA timelines. Further, two WEGs with capacities 450 MW & 65 MW have filed petitions in CERC seeking relief to get out of PPA with SECI which has been admitted.
- (ii) There has been a substantial reduction in generation from tied-up Wind Capacities to the extent of about 570 MU w.r.t. generation from same capacities during preceding two financial years.

(c) Overall Solar & Non-Solar -

Against the normative input of 71954 MU as indicated in the Retail Supply Tariff Order for FY 2020-21, the actual energy input to DISCOMs during FY 2020-21 was 81915 MU, a rise of about 10,000 MU due to which shortfall is appearing on higher side. However, when seen against Normative input approved by Hon'ble MPERC the shortfall is considerably less and all efforts are being made to match the future RPO targets against normative input finalized by MPERC in petition No. 65/2020.

6. With regard to non-fulfillment of RPO direction Regulation 15 of the MPERC (Cogeneration and generation of electricity from Renewable sources of energy) (Revision-I) Regulation, 2010 provides as below:

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

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during any Financial Year and also do not purchase the certificates from the Power Exchange, the Commission may :

(i) direct the 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 for 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 fulfillment of the Obligations, the Commission may empower an Officer of the State Nodal Agency to procure from the Power Exchange the required number of Certificates out of amount in the Fund.

15.2. The Distribution Licensee shall be in breach of its Licence condition 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.”

7. In terms of Regulation 15 of MPERC (Co-generation and generation of electricity from Renewable sources of energy) (Revision-I) Regulation, 2010, the Commission examined the justification given by MPPMCL towards shortfall in meeting RPO targets during FY 2020-21. As per the reasons cited by MPPMCL, non-fulfillment of RPO targets occurred due to delay in commissioning of some of the wind and solar power projects for which they have executed Power Purchase Agreements. While the Commission appreciated the reasons cited by MPPMCL, however, Commission is of the view that MPPMCL had other options as well to procure deficit renewable energy units. One of the options available was Energy Exchange, as green energy trading was on during the financial year. MPPMCL also had the option to purchase renewable certificates but no comments have been offered by MPPMCL in this regard. The Commission is therefore not convinced with the reasons cited by MPPMCL for non-fulfillment of RPO obligations. In view of the above, under Regulation 15 of aforesaid Cogeneration Regulation, 2010, the Commission hereby directs MPPMCL for the following:

(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 the Commission. MPPMCL is directed to deposit the aforesaid amount in the above-mentioned fund within 15 days from the date of issue of order and to submit a compliance report to the Commission in this regard within a week, thereafter.

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- (b) Since MPPMCL failed to comply with the provisions of the aforesaid Regulations towards fulfillment of RPO targets, the Commission hereby directs that show cause notice be issued to the company 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 is directed to reply to the show cause notice within 15 days from the date of receipt of notice, otherwise penalty shall be imposed on it.

-Sd/-
(Mukul Dhariwal)
Member

-Sd/-
(S.P.S. Parihar)
Chairman