

ODISHA ELECTRICITY REGULATORY COMMISSION
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PUBLIC NOTICE

Sub: Previous publication of OERC (Procurement of Energy from Renewable Sources and its Compliance) Regulations, 2014.

In exercise of the powers conferred under Section 181 read with Section 61, 66 and 86(1)(e) of the Electricity Act, 2003 (36 Of 2003) and all other powers enabling it in that behalf, the Odisha Electricity Regulatory Commission has prepared a draft Regulations named OERC (Procurement of Energy from Renewable Sources and its Compliance) Regulations, 2014, for implementation of the said Regulation in the State of Odisha. The text of the aforesaid draft Regulations is available in the Commission's website www.orierc.org. The copy of the draft Regulations may be obtained from the office of the Commission on payment of Rs. 20/- in cash to be deposited with the Accounts Officer, OERC.

The Commission hereby publishes the proposed OERC (Procurement of Energy from Renewable Sources and its Compliance) Regulations, 2014 for information of the general public u/S 181 (3) of the Electricity Act, 2003.

Any persons/institutions/organizations interested to offer their views/suggestions / objections on the aforesaid draft Regulations may submit the same to the undersigned in the above address by hand / fax / post within 30 days of publication of this notice.

After considering the responses received, the Commission may, in appropriate cases, bring the necessary modifications, if any to the proposed Regulations and finalize the same for publication in Official Gazette.

By Order of the Commission

Sd /-

SECRETARY

Bhubaneswar.

Date: 5th December, 2014

OERC (Procurement of Energy from Renewable Sources and its Compliance) Regulations, 2014



ODISHA ELECTRICITY REGULATORY COMMISSION

DECEMBER, 2014

ODISHA ELECTRICITY REGULATORY COMMISSION
UNIT – VIII, BHUBANESWAR – 751012

No. XXXXXX- In exercise of powers conferred by Section 61, 66, 86(1)(e) and 181 of the Electricity Act, 2003 (Act 36 of 2003) and all other powers enabling it in that behalf, the Odisha Electricity Regulatory Commission hereby makes the following Regulations for promoting the sale of power from renewable energy sources to any person and for procurement of energy from renewable sources by Distribution licensee (or any entity procuring power on their behalf) within the State of Odisha and compliance thereof.

1. SHORT TITLE, COMMENCEMENT AND EXTENT

- 1.1 These Regulations shall be called “Odisha Electricity Regulatory Commission (Procurement of Energy from Renewable Sources and its Compliance) Regulations, 2014”.
- 1.2 These Regulations shall extend to the whole of the State of Odisha.
- 1.3 These Regulations shall come into force on the date of publication in the Official Gazette.
- 1.4 OERC (Renewable Purchase Obligation and its Compliance) Regulations, 2010 is hereby repealed.

2. DEFINITIONS AND INTERPRETATION

- 2.1 In these Regulations, unless the context otherwise requires-
 - (a) “**Act**” means the Electricity Act, 2003 (36 of 2003);
 - (b) “**Average Power Purchase Cost**” means the weighted average pooled price at which the distribution licensee (or any entity procuring power on their behalf) has purchased the electricity including cost of self generation, if any, in the previous year from all the energy suppliers long-term and short-term, but excluding those based on renewable energy sources, as the case may be.
 - (c) “**Captive Generating Plant**” means a power plant set up by any person to generate electricity primarily for his own use and includes a power plant set up by any co-operative society or association of persons for generating electricity primarily for use of members of such co-operative society or association as per Electricity Rules.
 - (d) “**Central Agency**” means the agency as may be designated by the Central Commission from time to time under the CERC (Terms and Conditions for recognition and issuance of Renewable energy Certificate for Renewable Energy Generation) Regulations, 2010 as amended from time to time;
 - (e) “**Central Commission**” means the Central Electricity Regulatory Commission referred to in sub-section (1) of section 76 of the Act;
 - (f) “**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 issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 as amended from time to time;
 - (g) “**Commission**” means the Odisha Electricity Regulatory Commission referred

to in sub-section (1) of the Section 82 of the Act;

- (h) **“Conventional Generating Plant”** means any power plant generating electricity by using sources other than Renewable energy Sources mentioned in these Regulations;
- (i) **“Distribution Licensee”** means a person granted license under Section 14 of the Act authorizing him to operate and maintain a distribution system and to supply electricity to the consumers in his area of supply, and includes a deemed licensee;
- (j) **“Floor Price”** means the minimum price as determined by the Central Electricity Regulatory Commission in accordance with its (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 at and above which the certificate can be dealt in the power exchange;
- (k) **“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 issuance 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;
- (l) **“MNRE”** means the Ministry of New and Renewable Energy, Government of India;
- (m) **“Non Solar Sources”** means such energy Sources which include sources of energy from Renewable energy sources other than Solar energy source;
- (n) **“Obligated Entity”** means the entity mandated under clause (e) of subsection (1) of section 86 of the Act to fulfill the renewable purchase obligation and any other entities identified under clause 3.1 of these Regulations;
- (o) **“Power Exchange”** means any exchange operating as power exchange for electricity in terms of the orders issued by the Central Commission;
- (p) **“Preferential Tariff”** means the tariff fixed by the Commission for sale of energy from co-generating sources or renewable sources to a distribution licensee(s) or any other entities purchasing power on their behalf;
- (q) **“Renewable Energy Sources”** means renewable sources such as small hydro, wind, solar including its integration with combined cycle, biomass, bio fuel cogeneration (such as bagasse based Co-generation), urban or municipal waste, and such other sources as recognized or approved by MNRE;
- (r) **“Renewable Purchase Obligation (RPO)”** means the requirement specified through these Regulations by the Commission under Clause (e) of sub-section (1) of section 86 of the Act or by way of orders from time to time for the obligated entity to purchase electricity from Renewable energy sources;
- (s) **“State Agency”** means the agency in the State of Odisha to be designated by the Commission to act as the agency for accreditation and recommending the renewable energy projects for registration and to undertake functions under these regulations;
- (t) **“Year”** means a financial year.

2.2 Words and expressions used in these Regulations 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 by the Commission.

- 2.3 All proceedings under these Regulations shall be governed by the OERC (Conduct of Business) Regulations, 2004 as amended from time to time.

3. SCOPE OF REGULATIONS AND EXTENT OF APPLICATION

- 3.1 These Regulations shall apply to all “Obligated Entities” in the State of Odisha. The Obligated Entities include:

- (a) Distribution licensee (or any other entity procuring power on their behalf).
- (b) Any person consuming electricity (a) generated from conventional Captive Generating Plant having capacity of 1 MW and above for his own use and or (b) procured from conventional generation through open access and third party sale.

4. PURCHASE OBLIGATION FROM RENEWABLE SOURCES

- 4.1 Every “Obligated Entity” shall meet its RPO target from its own Renewable Sources or procurement of power from other developers of Renewable energy sources or by purchase from other licensee or by way of purchase of Renewable Energy Certificate (REC).

Provided that procurement of Renewable Energy Certificates (REC) issued for renewable energy generation outside as well as within the State of Odisha shall be considered as an eligible instrument for the purpose of RPO compliance by Obligated Entities.

- 4.2 Every Obligated Entity shall at least purchase source wise energy from Renewable sources as indicated in the table below:

Minimum quantum of electricity to be procured from Renewable Sources by Obligated Entity as percentage of total Consumption in KWh

| Year-wise target | Solar Source (%) | Non Solar sources (%) | Total (%) |
|-------------------------|-------------------------|------------------------------|------------------|
| 2015-16 | 0.40 | 6.60 | 7.00 |
| 2016-17 | 0.80 | 7.20 | 8.00 |
| 2017-18 | 1.20 | 7.80 | 9.00 |
| 2018-19 | 1.60 | 8.40 | 10.00 |
| 2019-20 | 2.00 | 9.00 | 11.00 |

Provided that the Commission may, suo-motu or at the request of a licensee, revise the percentage targets for a year mentioned herein above keeping in view supply constraints or other factors beyond the control of the licensee.

Provided that all purchase from the renewable energy sources shall be made at tariffs determined by the commission from time to time. However the Commission may fix a ceiling price for renewable power purchase made by the license through bidding process. Beyond this, the Commission may examine each proposal on its own merit.

Provided also that the power purchases under the power purchase agreements for the purchase of renewable energy sources already entered into by the obligated entities 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.

Provided that if the RPO for any of the year is not specified by the Commission, the RPO specified for the previous year shall be continued beyond the period till any revision is effected by the Commission in this regard. Further, the Commission, if required, may specify the RPO beyond 2019-20 by a special Order under these Regulations.

5. CERTIFICATES UNDER THE REGULATIONS OF THE CENTRAL COMMISSION

- 5.1 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 issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 as amended from time to time shall be the valid instruments for the discharge of the mandatory obligations set out in these Regulations for the obligated entities for purchasing of electricity under RPO.

Provided that in the event of the Obligated Entities fulfilling the RPO 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 other than solar can be fulfilled by purchase of non-solar certificates.

- 5.2 Subject to such directions as the Commission may give from time to time, the Obligated Entities shall act consistent with the Central Electricity Regulatory Commission (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 as amended from time to time, notified by the Central Commission in regard to the procurement of the certificates for fulfillment of the RPO under these regulations.
- 5.3 The Certificates purchased by the obligated entities from the power exchange in terms of the regulation of the Central Commission mentioned in Clause 5.1 of this Regulation shall be deposited by the obligated entities with the State Agency in accordance with the detailed procedure issued by the Central Agency. State Agency may develop the required detailed procedure in connection with its own function and submit to the Commission for approval.
- 5.4 The Commission shall determine the 'Average Power Purchase Cost' of the distribution licensee concerned on annual basis. The Average Power Purchase Cost determined by the commission shall be required to be paid by the distribution licensee (or any entity procuring power on their behalf) when the distribution licensee (or any entity procuring power on their behalf) purchases the electrical component of the renewable energy projects registered under the REC scheme notified by the Central Electricity Regulatory Commission.
- 5.5 In case of Renewable Energy Generator set up under the REC scheme notified by the Central Electricity Regulatory Commission supplies power for captive consumption or sell power to third party, the distribution licensee (or any entity procuring power on their behalf) shall pay to such RE generator the Average Power Purchase Cost for the surplus energy available to it after setting off the captive consumption and / or the third party sale.

6. STATE AGENCY AND ITS FUNCTIONS

- 6.1 The Commission shall designate an agency as the State Agency for accreditation and recommending the renewable energy projects for registration and to undertake functions under these Regulations.

- 6.2 The State Agency shall function in accordance with the directions issued by the Commission from time to time and shall act in accordance with the provisions of the Central Electricity Regulatory Commission (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 as amended from time to time.
- 6.3 The State Agency shall submit quarterly status by 15th of next month to the Commission in respect of compliance of RPO 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 purchase obligation.
- 6.4 The State Agency shall develop suitable protocol, after obtaining necessary approval from the Commission, for collection of information from various sources such as renewable energy generating companies, obligated entities, SLDC, chief electrical inspector etc., on regular basis and compile such information to compute the compliance of RPO target by such Obligated Entities.
- 6.5 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, to be recovered from the accredited entities and obligated entities
- 6.6 If the Commission observes 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

7. DISTRIBUTION LICENSEE(S) AND ITS FUNCTIONS

- 7.1 Each distribution licensee (or any entity procuring power on their behalf) shall indicate, along with sufficient proof thereof, the estimated quantum of purchase from Renewable energy sources for the ensuing year in Aggregate Revenue Requirement (ARR) petition in accordance with the regulations notified by the Commission from time to time.

Provided that the estimated quantum of purchase shall be in accordance with Clause 4.2 of these Regulations basing on the proposed power purchase quantity for the ensuing year(s).

- 7.2 Distribution licensee (or any entity procuring power on their behalf) shall furnish the summary statement of energy procured from different Renewable energy sources on monthly basis to the State Agency. At the end of each financial year, each Distribution Licensee (or any entity procuring power on their behalf) shall submit a detailed statement of energy procurement from various Renewable energy sources, duly certified by the auditors.

Provided that in the event of the actual consumption in the license area being different from that approved by the Commission, the RPO shall be deemed to have been modified in accordance with Clause 4.2 of these Regulations. The credit for excess purchase from Co-generation and Renewable energy sources would not be adjusted in the ensuing year.

- 7.3 If the distribution licensee (or any entity procuring power on their behalf) fails to fulfill the minimum quantum of purchase from Renewable energy sources, it shall be liable for action as per Clause 9 of these Regulations.

8. FUNCTIONS OF CAPTIVE USER(S) AND OPEN ACCESS CONSUMER(S)

- 8.1 The quantum of RPO mentioned in Clause 4.2 of these Regulations shall be applicable to captive user(s) and open access consumer(s) also.
- 8.2 Every Captive user(s) and open access consumer(s) shall have to submit necessary details regarding total consumption of electricity and purchase of energy from Renewable sources for fulfillment of RPO on quarterly basis to the State Agency.
- 8.3 If the Captive user(s) and Open Access consumer(s) are unable to fulfill the criteria, the shortfall of the targeted quantum would attract compensation as per Clause 9 of these Regulations.

9. CONSEQUENCES OF DEFAULT

- 9.1 In the event of the Obligated Entities not able to fulfill the RPO as provided in these regulations during any year and also does not purchase the certificates, the Commission may direct the obligated entity to deposit a penalty into a separate fund, to be created and maintained by such State Agency, such amount as the Commission may determine:

Provided that the amount of penalty shall be calculated on the basis of the shortfall in units of RPO and the forbearance price decided by the Central Commission:

Provided that fund so created 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 or any other expenses relating to development of RE:

Provided that the State Agency as well as obligated entities shall not be authorized to use the fund created in pursuance of the above, without prior approval of the Commission:

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

- 9.2 Where any Obligated Entity fails to comply with the obligation to purchase the required percentage of power from Renewable Energy Sources or purchase Renewable Energy Certificates in lieu thereof or make payment of penalty as stated above or fails to provide required information sought for within specified time frame, it shall 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 RPO because of non-availability of certificates, the obligated entity can approach the Commission for carry forward of compliance requirement to the next year:

Provided further that where the Commission has consented to the carry forward of compliance requirement, the provision of Clause 9.1 of this Regulations or the provision of section 142 of the Act shall not be invoked.

10. GRID CONNECTIVITY

- 10.1 Any person generating electricity from Renewable Energy Sources, irrespective of installed capacity, shall have open access to any Licensee's transmission system and/or distribution system as the case may be.
- 10.2 On an application from such person, the transmission licensee or distribution licensee shall provide appropriate interconnection facilities, as far as feasible, before

Commercial Operation Date of the renewable energy project. Such interconnection shall follow the grid connectivity Standards as specified in the Central Electricity Authority (Technical Standards for Connectivity of the Distributed Generation Resources) Regulations, 2013 or State Grid Code as the case may be including metering and metering cost.

- 10.3 Provided that if any dispute arises about the technical suitability of connection of such sources with the grid, the matter shall be referred to the Commission whose decision in this regard shall be final. The inter-connection point shall be the nearest grid sub-station having 132 KV / 33 KV / 11 KV voltage level. Synchronization point shall, however, remain at the power station end with all protection and inter-lock as agreed to between the licensee, STU and developer. Such connectivity shall also be provided for use of licensee's system under open access.
- 10.4 The licensees shall be responsible for development of evacuation infrastructure beyond the inter-connection point while the developer/generating company will have to develop evacuation infrastructure from generating facility up to the inter connection point at its own expense.
- 10.5 Roof-top Solar PV sources shall be allowed connectivity at LV or MV or 11 KV of the distribution system of the licensee as considered technically and financially suitable by the licensee and the developer.

Provided that the Commission shall time to time issue specific order on such connections and commercial arrangement:

Further, Provided that if any dispute arises about connectivity of such sources with the grid, the matter shall be referred to the Commission whose decision in this regard shall be final.

- 10.6 Communication system, if required by SLDC, between grid sub-station and generating station shall be developed by the developer (s) at its own cost. Protection schemes shall be examined by the licensee to suit the requirements. Developers of cogeneration and renewable energy sources shall abide by all applicable codes, rules, regulations etc. in regard to operational and commercial practices.
- 10.7 Wherever Renewable Energy Sources have already been connected to the State Grid at a voltage level lower than the voltage level specified in these regulations and wherever such State Grid connection causes any bottleneck in capacity addition or causes avoidable discontinuance of generation or low voltage during peak hours or frequent outage of line or sufficient redundancy, such grid connection shall be converted into suitable voltage level and cost for such conversion shall be borne by the developer.

11. APPOINTMENT OF COMPLIANCE AUDITORS

- 11.1 The Commission may appoint Compliance Auditors from time to time to inquire into and report on compliance of these Regulations. The Auditor shall also certify the fund created under Clause 9.1 of these Regulations and operated by State Agency. The Auditors could be an individual person or a firm having persons with qualification and experience in Finance or Accounts, Commerce and Engineering.

12. MISCELLANEOUS

Cross-Subsidy

- 12.1 Third Party Sale from Renewable energy sources shall be exempted from the cross subsidy surcharge determined by the Commission from time to time. However, no

banking facility shall be provided for supply (third party sale) from Renewable Energy Sources through open access. Further, interface metering system capable of energy accounting for each block of 15 minutes shall be provided at both supply as well as drawal point.

12.2 For third party sale, energy generation from Renewable energy sources in each 15 minute time block shall be set off against the captive/ open access user(s) consumption in the same 15 minute time block.

12.3 For scheduling Grid Code shall be observed.

Issue of orders and practice directions

12.4 Subject to the provisions of the Act and these Regulations, the Commission may, from time to time, either on suo-motu basis or on a Petition filed by the applicant, issue orders and practice directions in regard to the implementation of these Regulations.

Power to remove difficulties

12.5 If any difficulty arises in giving effect to any of the provisions of these Regulations, the Commission may, by general or special order, do anything not being inconsistent with the provisions of the Act, which appears to it to be necessary or expedient for the purpose of removing the difficulties.

Power to Relax

12.6 The Commission, for reasons to be recorded in writing, may relax any of the provisions of these regulations on its own motion or on an application made before it by an interested person.

Power to Amend

12.7 The Commission, for reasons to be recorded in writing, may at any time vary, alter or modify any of the provisions of these Regulations by amendments.

Interpretation

12.8 If a question arises relating to the interpretation of any provision of these Regulations, the decision of the Commission shall be final.

Saving of Inherent Powers of the Commission

12.9 Nothing contained in these Regulations shall limit or otherwise affect the inherent powers of the Commission from adopting a procedure, which is at variance with any of the provisions of these Regulations, if the Commission, in view of special circumstances of the matter or class of matters and for the reasons to be recorded in writing, deems it necessary or expedient to depart from the procedure specified in these Regulations.

By Order of the Commission

Secretary