



Electricity Regulatory Commission (Renewable Purchase Obligation, its compliance and Implementation of REC framework) Regulations, 2010, (hereinafter referred to as "MERC RPO-REC Regulations, 2010") on 7 June, 2010.

2. Under the said RPO Regulations, the Commission has specified the Renewable Purchase Obligation (RPO) targets for Obligated Entities, including Reliance Infrastructure Ltd's Distribution Business (RInfra-D), for FY 2010-11 to FY 2015-16. The RPO targets, as specified in the Regulations, are as given below:

<i>Year</i>	<i>Minimum Quantum of purchase (in %) from renewable energy sources (in terms of energy equivalent in kWh)</i>		
	<i>Solar</i>	<i>Non-Solar (other RE)</i>	<i>Total</i>
<i>2010-11</i>	<i>0.25%</i>	<i>5.75%</i>	<i>6.0%</i>
<i>2011-12</i>	<i>0.25%</i>	<i>6.75%</i>	<i>7.0%</i>
<i>2012-13</i>	<i>0.25%</i>	<i>7.75%</i>	<i>8.0%</i>
<i>2013-14</i>	<i>0.50%</i>	<i>8.50%</i>	<i>9.0%</i>
<i>2014-15</i>	<i>0.50%</i>	<i>8.50%</i>	<i>9.0%</i>
<i>2015-16</i>	<i>0.50%</i>	<i>8.50%</i>	<i>9.0%</i>

Further, the Distribution Licensee(s) are also mandated to procure 0.1% per year of their Non-Solar (other RE) RPO obligation for the period from FY 2010-11 to FY 2012-13 and up to 0.2% of their Non-Solar (other RE) RPO obligation for the period from FY 2013-14 to FY 2015-16 by way of purchase from Mini Hydro or Micro Hydro power project.

3. Regulation 12 of MERC (RPO-REC) Regulations, 2010 empowers the Commission to deal with shortfall in compliance of RPO target by Obligated Entities in manner outlined under said Regulations upon ascertaining such shortfall. The relevant portion is reproduced below:

***“12. RPO Regulatory Charges***

*12.1 If the Obligated Entity fails to comply with the RPO target as provided in these Regulations during any year and fails to purchase the required quantum of RECs, the State 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 RPO, RPO Regulatory Charges and the Forbearance Price decided by the Central Commission; separately in respect of solar and non-solar RPO:*

*Provided that RPO Regulatory Charges shall be equivalent to the highest applicable preferential tariff during the year for solar or non-solar RE generating sources, as the case may be, or any other rate as may be stipulated by the State Commission:*

*Provided further that the fund so created shall be utilised, as may be directed by the State Commission."*

4. Regulation 9.6 of the MERC (RPO-REC) Regulations, 2010 specifies that the State Agency appointed by the Commission shall submit quarterly status report of compliance of RPO targets by the obligated entities. The said Regulation is reproduced as below.

*"9.6 The State Agency shall submit quarterly status to the State Commission in respect of compliance of renewable purchase obligation by the Obligated Entities in the format stipulated by the State Commission and may suggest appropriate action to the State Commission if required for compliance of the renewable purchase obligation."*

5. The Commission, under its Suo-motu Order dated 1 July, 2010 in Case No. 21 of 2010 designated the Maharashtra Energy Development Agency (MEDA) as the State Agency to undertake the functions envisaged under MERC (RPO-REC) Regulations, 2010.

6. In accordance with Regulation 9.6 of MERC (RPO-REC) Regulations, 2010, MEDA, vide its letter dated 27 February, 2012 submitted the RPO settlement data for Obligated Entities, including RInfra-D for FY 2010-11 and vide letter dated 30 July, 2012 submitted the RPO settlement data for F.Y 2011-12. The RPO compliance details of RInfra-D for FY 2010-11 and FY 2011-12 as submitted by MEDA is summarised in **Annexure I** of this Order. According to the information provided by MEDA, the Commission observes that RInfra-D has failed to meet its RPO target (Solar and

mini/micro hydro RPO targets) in FY 2010-11 and RPO target (Solar, Non Solar and mini/micro hydro RPO targets) in FY 2011-12.

7. Regulation 10.4 of MERC (RPO-REC) Regulations, 2010 specifies that the Distribution Licensee is required to submit detailed statement of energy procurement from various RE sources for a particular financial year, duly certified by the auditors. Relevant portion of said Regulations is reproduced below:

*"10.4 At the end of each financial year, each Distribution Licensee shall submit a detailed statement of energy procurement from various RE sources, duly certified by the auditors."*

8. As FY 2010-11 and FY 2011-12 have already elapsed, the Commission decided to initiate suo-motu proceedings vide Case No. 101 of 2012 for verification of compliance by RInfra-D with the RPO targets specified for the respective years and undertake necessary actions required in accordance with Regulation 12 of MERC RPO-REC Regulations, 2010. Accordingly, the Commission issued notice in this matter (Notice No. MERC/ Case No. 101 of 2012/01327 dated 20 September, 2012 to RInfra-D.

9. In response to the above notice, RInfra-D filed an affidavit dated 16 October, 2012 before the Commission on October 17, 2012, inter alia, submitted that there are discrepancies in the RPO settlement details for FY 2010-11 furnished by MEDA and the details thereof. The summary of RPO compliance details for FY 2010-11 and FY 2011-12 as submitted by MEDA and that submitted subsequently by RInfra-D are given in **Annexure I** of this Order. In the said affidavit, RInfra-D also submitted details of actions and efforts undertaken by it to ensure compliance of RPO targets of respective categories for FY 2010-11 and FY 2011-12, and justification as to why action should not be initiated by the Commission against RInfra-D in pursuance of Regulation 12 of MERC (RPO-REC) Regulations, 2010, without prejudice to any penalty that RInfra-D may be liable for under the EA, 2003.

10. In response to the query raised by the Commission in the notice dated 20 September, 2012 regarding efforts undertaken by RInfra-D to meet its RPO target for FY 2010-11, it was submitted by RInfra-D that it made all efforts to meet its RPO targets including issuance of Expression of Interest for procuring renewable power,

Commissioning Solar PV Power Project, and purchasing Renewable Energy Certificates through power exchanges.

In response to the query raised by the Commission in its notice dated 20 September, 2012 regarding the efforts undertaken by RInfra-D to meet its Solar RPO target for FY 2011-12, it was submitted by RInfra-D that it made all efforts to meet its RPO targets for FY 2011-12 including entering into an Energy Purchase agreement with a Solar power plant which was commissioned on March 22, 2012 for fulfilment of Solar RPO, entering into a PPA with a number of non-solar renewable energy power plants and purchasing Non-Solar RECs through power exchange.

RInfra-D submitted that it was unable to meet its Solar RPO target for FY 2010-11 and FY 2011-12 on account of delay in commissioning of various solar power plants with which RInfra-D entered into Energy Purchase Agreements and non-availability of Solar RECs for trading in the exchanges. It was further submitted by RInfra-D that its failure in meeting its Non-Solar RPO target for FY 2011-12 was on account of delay in execution of /or termination of PPA entered into by RInfra-D with various Renewable energy generators. It was also submitted by RInfra-D that it was unable to meet its Non-Solar RPO target from Mini/Micro Hydro Power for FY 2010-11 and FY 2011-12 on account of absence of such projects in the license area of RInfra-D and no response was received to the Expression of Interest for purchase of power from Mini/Micro Hydro power plants issued by RInfra-D.

11. The Commission scheduled a hearing in the matter on 23 October, 2012. During the hearing, RInfra-D made a detailed presentation on its submissions already made in response to the notice of the Commission.

12. Having heard the Parties and after considering relevant materials placed on record, the Commission is of the view that RInfra-D has given adequate justification to demonstrate that it has undertaken all the efforts in procuring renewable energy in order to meet its RPO targets and in spite of the efforts undertaken by it, it faced a genuine difficulty in meeting its RPO targets. The Commission also notes the submission of RInfra-D that sufficient RECs - Solar or Non-Solar RECs, which are an alternate mechanism for RPO compliance by obligated entities were also not available during the respective years for it to meet the desired RPO levels of respective years. However, the Commission is also of the view that availability of renewable energy in the market is

increasing year after year and in a similar way the availability of RECs has improved with the development of REC market. Thus, it is envisaged that sufficient RE power in the form of energy as well as in the form of RECs would be available for cumulatively meeting the RPO shortfall of FY 2010-11 and FY 2011-12 during FY2012-13. Further, the Commission opines that any constraint regarding availability of RE power or RECs for meeting RPO targets in future could be mitigated by timely tying up adequate quantum and sources for RE power through advance actions and/or timely purchase of RECs from the market.

13. As per Regulation 18.1 of MERC (RPO-REC) Regulations, 2010, the Commission has powers to relax or waive any of the provision of the said Regulations after giving an opportunity of hearing to the parties likely to be affected. Relevant extract of said Regulations is as under:

*“18.1 The Commission may by general or special order, for reasons to be recorded in writing, and after giving an opportunity of hearing to the parties likely to be affected may relax or may waive any of the provisions of these Regulations on its own motion or on an application made before it by an interested person.”*

14. Pursuant to the above Regulation and the Commission’s observations in the matter, the Commission decides that the cumulative shortfall in procurement of renewable energy by RInfra-D during FY 2010-11 and FY 2011-12 for fulfilment of RPO during these financial years shall be carried forward to FY 2012-13. Thus the Commission hereby relaxes/waives the provisions of Regulation 7 of the MERC (RPO-REC) Regulations, 2010 for the year during FY 2010-11 and FY 2011-12. The Commission directs RInfra-D to fulfil the shortfall in RPO targets for both Solar and Non-Solar (including mini/micro hydro targets) for the years FY 2010-11, FY 2011-12 and RPO targets for FY 2012-13 cumulatively before 31 March, 2013.

15. The shortfall in procurement of total renewable energy in MU terms for FY 2010-11 and FY 2011-12, to be carried forward to FY 2012-13 in respective categories worked out as per details provided by MEDA and subsequent submissions by RInfra-D is as given below.

Item	FY 2010-11		FY 2011-12		Total to be carried forward to FY 2012-13
	%	MU	%	MU	MU
Gross Energy Consumption	100%	8612.58	100%	7401.19	
Solar RPO Target	0.25%	21.53	0.25%	18.50	
Solar RPO Met	0.001%	0	0.006%	0.45	
<b>Solar RPO to be carried forward</b>	<b>0.25%</b>	<b>21.53</b>	<b>0.24%</b>	<b>18.05</b>	<b>39.58</b>
Non Solar RPO Target	5.75%	495.22	6.75%	499.58	
Non-Solar RPO Met	6.79%	584.51	4.72%	349.47	
<b>Non-Solar RPO to be carried forward</b>	<b>Nil</b>	<b>(89.29)</b>	<b>Nil</b>	<b>150.11</b>	<b>60.82</b>
Mini/Micro Hydro Purchase Target (within Non-Solar RPO Target)	0.10%	0.49	0.10%	0.50	
Mini/Micro Hydro Purchase Target Met (within Non-Solar RPO Target)	0.00%	0	0.00%	0	
<b>Mini/Micro Hydro Purchase Target to be carried forward (within Non-Solar RPO Target)</b>	<b>0.10%</b>	<b>0.49</b>	<b>0.10%</b>	<b>0.50</b>	<b>0.99</b>

The Commission also decides that no Regulatory charges shall be applicable on RInfra-D for non fulfilment of RPO targets during FY 2010-11 and FY 2011-12 provided that the same shall be fulfilled on a cumulative basis in addition to the RPO target for FY 2012-13 before March 31, 2013.

With the above order, the Case No. 101 of 2012 stands disposed of.

Sd/-  
(Vijay L. Sonavane)  
Member

Sd/-  
(V. P. Raja)  
Chairman

## Annexure 1

### Summary of RPO compliance data of RInfra-D for FY 2010-11 and FY 2011-12 as submitted by RInfra-D and MEDA

Year	Submitted by	Gross energy consumption	Solar RPO		Non-Solar RPO					Total energy to be procured as per RPO	Total RE procurement (Solar + Non-solar)	
			Solar RPO Target @ 0.25%	Energy actually procured against target	Non-Solar RPO Target (Incl. Mini/Micro Hydro)	Mini/Micro Hydro Target	Energy actually procured against target					
			MU	MU	MU	MU		MU				
						Non-Solar REC	Mini/Micro Hydro	Other Non-solar RE				
FY 2010-11	MEDA	8612.58	21.53	0	495.22	0.50	0	0	584.52	516.75	584.52	
	RInfra-D	8612.58	21.53	0	495.22	0.50	0	0	584.51	516.75	584.51	
FY 2011-12	MEDA	7401.19	18.50	0.45	499.58	0.50	87.529	0	261.936	518.08	349.92	
	RInfra-D	7401.19	18.50	0.45	499.58	0.50	87.53	0	261.94	518.08	349.92	