

**Delhi Electricity Regulatory Commission**  
**Viniyamak Bhawan, 'C' Block, Shivalik, Malviya Nagar, New Delhi – 17.**

No. F.11(1516)/DERC/2017-18/5858

**Petition No. 50/2017**

**In the matter of :** **Petition under Section 86 (1)(e) of the Electricity Act, 2003 read with Regulation 13 of Delhi Electricity Regulatory Commission (Renewable Purchase Obligation and Renewable Energy Certificate Framework Implementation) Regulations, 2017 and Interpretation/Clarification Clause of Tariff Order dated 31.08.2017.**

Tata Power Delhi Distribution Ltd.  
Through its: **Managing Director**  
33Kv Sub Station Building,  
Hudson Lane,  
Delhi 110 009

...**Petitioner**

**Coram: Sh. B.P. Singh, Member**

**Appearance:**

1. Mr. Rahul Kinra, Advocate, TPDDL
2. Mr. Mithun Chakraborty, TPDDL
3. Mr. Ajay Kapoor, TPDDL
4. Mr. Bharat Bhadawat, TPDDL
5. Mr. Anurag Bansal, TPDDL
6. Ms. Aditi Sanghi, TPDDL

**ORDER**

(Date of Hearing: 20.02.2018)

(Date of Order: 28.02.2018)

1. The instant petition has been filed by Tata Power Delhi Distribution Ltd. (TPDDL) for interpretation/clarification of clause pertaining to RPO in the Tariff Order dated 31.08.2017. The petitioner has, inter alia, made following prayers in its petition:
  - a) Relaxation in compliance of Regulation 4 of Renewable Purchase Obligation Regulations, 2012 which provides for RPO obligation for the period FY 2012-13 to FY 2016-17;
  - b) Waiver of Penalty of Rs. 25.13 crores imposed vide Tariff Order dated 31.08.2017.
2. The Petitioner has submitted that it has made sincere efforts to comply with directives issued by the Commission and to ensure economical

procurement of RECs such as that the Petitioner has undertaken Case-1 bidding process, which was finally approved by the Commission. It has been further submitted by the Petitioner that it has taken proactive steps to ensure availability of providing clean and reliable energy to the consumers in its area of supply at competitive rates.

3. Considering the aforesaid the Petitioner was asked to specify a date by which it would clear the backlog of RPO of previous years. The Petitioner through an affidavit had submitted that it would clear backlog of RPO of previous years by 31<sup>st</sup> December, 2017.
4. The Counsel for the petitioner submitted that as the petitioner has filed an affidavit stating that it has fully met its RPO for both Solar and Non-Solar for FY 2012-13 and FY 2013-14. Further, it has completely fulfilled its Non-Solar RPO for the period FY 2014-15 to FY 2016-17 as well; however, due to Hon'ble Supreme Court's stay on trading of Solar REC in Power Exchanges, the petitioner has met shortfall of 1.23 MU in Solar RPO for FY 2014-15 through its solar energy procurement in FY 2017-18. The Petitioner further requested the Commission to take cognizance of its efforts towards fulfilment of its RPO and considering the compliance to RPO for the period FY 2012-13 to FY 2016-17, the penalty imposed on it *vide* tariff Order dated 31.08.2017 may be withdrawn.
5. One of the main features of the Electricity Act is promotion of renewable energy sources. Section 61(4) and Section 86(1)(e) of the Act enjoin the Central Commission and State Commissions to promote co-generation and generation of electricity from renewable sources of energy. Section 86(4) provides that the State Commissions in discharge of their functions shall be guided by the National Electricity Policy and Tariff Policy. The National Electricity Policy provides for promotion of non-conventional energy sources. The Tariff Policy also provides for specification of a percentage of total energy consumption in the area of distribution licensee from purchase of energy from renewable energy sources. The Union Government has also announced the National Action Plan for Climate Change which envisages several measures to address global warming. One of the important measures identified involves increase in the share of renewable energy in total energy consumption in the country. The increase in utilisation of renewable sources of energy is important for energy security of the country and meeting the challenge of climate changes. The development of renewable energy sources is

greatly dependent on the regulatory framework under the Electricity Act 2003.

6. The Commission has not only to look at the compliance of RPO in a mechanical way rather it has to work as a regulator and all the related factors has to be taken into consideration e.g. the impact of Tariff promotion of energy from Renewable Sources and the interest of consumer viz-a-viz generator of energy from Renewable Sources.
7. Report of MNRE (May 2015) states that the RPO Regulations notified by the respective State Regulator provide for penal provisions for non-compliance of RPO by the obligated entities. These penal provisions were to be invoked by the respective Regulator after taking into consideration the reasons for non-achieving RPO by the obligated entities. It further states that by not achieving RPOs, the distribution companies have not accrued undue benefits because all the power purchased and sold had to be reflected in Annual Revenue Requirements, approved by SERCs. The present financing models are placing all the cost of balancing the intermittent renewable supply on the DISCOMs. Tools such as RPO and REC impose a large burden on the DISCOMs.
8. The Commission has also considered the Report CAG on Renewable Energy Sector in India. The report has indicated that after an initial thrust towards REC mode, the interest of generators to register under REC mechanism gradually dwindled. It further states that there was a huge closing balances of unredeemed RECs at the power exchanges, which require structural and regulatory changes for keeping the viability of REC mechanism as an important growth factor of Renewable Energy market in India.
9. The REC mechanism was based on the premise that the RE generation entails reduction of certain environmental attributes like Green House Gases, apart from electricity generation. Thus, RE generator can sell two different products on account of renewable energy generation. These products are electricity and the associated environmental attributes, in the form of RE Certificate.
10. RPO and REC mechanisms were designed as policy instruments to demonstrate commitment and create a demand incentive for the development of Renewable Energy sources in India.

11. Admittedly, the annual RPO targets could not be achieved by the Petitioner during the respective years. For underachievement of RPO targets by the Petitioner, 10% the cost of REC to a tune of Rs. 25.13 crore was disallowed in the ARR of the Petitioner Vide Tariff Order dated 31.08.2017. However, as of now, the petitioner has cleared the backlog of RPO targets for previous years upto 2016-17, therefore, the basic aim of RPO targets to promote generation of electricity from renewable sources has now been achieved to a great extent
12. In view of the foregoing discussion, all the facts and the efforts made by the petitioner to clear the back log of Annual RPO targets, this Commission has reached to a considered decision to allow 10% of the cost of REC to a tune of Rs. 25.13 crore, which was disallowed in the Tariff Order dated 31.08.2017 for underachievement of RPO targets by the Petitioner. The aforesaid amount of Rs.25.13 crore shall be considered in the next Tariff Order for the Petitioner.
13. However, the decision on waiver of the penalty is without prejudice to the proceedings u/S 142 of the Electricity Act, 2003.
14. In view of the above the matter is disposed of.
15. Order accordingly.

**Sd/-**  
**(B.P. Singh)**  
**Member**