

**THE CENTRAL ELECTRICITY REGULATORY COMMISSION  
(TERMS AND CONDITIONS FOR RENEWABLE ENERGY  
CERTIFICATES FOR RENEWABLE ENERGY  
GENERATION) REGULATIONS, 2022**

**SYNOPSIS**

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# THE CENTRAL ELECTRICITY REGULATORY COMMISSION (TERMS AND CONDITIONS FOR RENEWABLE ENERGY CERTIFICATES FOR RENEWABLE ENERGY GENERATION) REGULATIONS, 2022<sup>1</sup>

*In exercise of powers conferred under sub-section (1) of Section 178 and Section 66 read with clause (y) of sub-section (2) of Section 178 of the Electricity Act, 2003 and all other powers enabling it in this behalf, and after previous publication, the Central Electricity Regulatory Commission hereby makes the following regulations for the development of market in power from renewable energy sources through renewable energy certificates:—*

**1. Short title and commencement.**—(1) These Regulations may be called the Central Electricity Regulatory Commission (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2022.

2. These Regulations shall come into force from such date<sup>2</sup> as may be notified by the Commission in the Official Gazette.

**2. Definition.**—(1) In these Regulations, unless the context otherwise requires,

- (a) 'Act' means the Electricity Act, 2003 (36 of 2003);
- (b) 'Central Agency' means the agency as referred to in Regulation 3 of these regulations;
- (c) 'Certificate' means the renewable energy certificate issued by the Central Agency in accordance with these regulations;
- (d) 'Certificate Multiplier' means the multiplier as determined under Regulation 12 of these regulations;
- (e) 'Commission' means the Central Electricity Regulatory Commission referred to in sub-section (1) of Section 76 of the Act;
- (f) 'complete application' means the application complete in all respects in the format as may be stipulated in the Detailed Procedure;
- (g) 'Detailed Procedure' means the procedure issued by the Central Agency under these regulations;
- (h) 'eligible entity' means an entity eligible for issuance of Certificates under these regulations;
- (i) 'Grid Code' means the Grid Code specified by the Commission under clause (h) of sub-section (1) of Section 79 of the Act;
- (j) 'National Load Despatch Centre' means the National Load Despatch Centre established under sub-section (1) of Section 26 of the Act;
- (k) 'obligated entity' means an entity for which the State Commission has specified requirement under clause (e) of sub-section (1) of Section 86 of the Act to fulfil the renewable purchase obligation;

1. *Vide* Notification No. RA-14026(11)/1/2022-CERC, dated 9th May, 2022, published in the Gazette of India, Extra., Pt. III, Sec. 4, No. 272, dated 24th May, 2022.

2. Came into force on 5-12-2022 *vide* Notification F. No. RA-14026(11)/1/2022-CERC, dated 31st October, 2022.



- (l) 'Power Exchange' means a power exchange as defined under sub-clause (as) of clause (1) of Regulation 2 of the Central Electricity Regulatory Commission (Power Market) Regulations, 2021;
- (m) 'REC Regulations, 2010' means 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;
- (n) 'Regional Load Despatch Centre' or 'RLDC' means the Regional Load Despatch Centre established under sub-section (1) of Section 27 of the Act;
- (o) 'registration' means registration of eligible entities by the Central agency for the purpose of issuance of Certificates;
- (p) 'renewable energy sources' means sources of renewable energy such as hydro, wind, solar including its integration with combined cycle, biomass, bio fuel cogeneration, urban or municipal waste and such other sources as recognized or approved by the Central Government;
- (q) 'renewable purchase obligation' or 'RPO' means the requirement specified by the State Commissions under clause (e) of sub-section (1) of Section 86 of the Act for an entity to purchase electricity from renewable energy sources;
- (r) 'State Agency' means the agency designated by the concerned State Commission for accreditation of eligible entities for grant of Certificates;
- (s) 'State Commission' means the State Commission referred to in sub-section (64) of Section 2 of the Act;
- (t) 'State Grid Code' means the State Grid Code specified by the State Commission under clause (h) of sub-section (1) of Section 86 of the Act;
- (u) 'Trading Licence Regulations, 2020' means the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2020, as amended from time to time and any re-enactment thereof; and
- (v) 'Year' means a financial year.

(2) Words and expressions used in these regulations and not defined herein but defined in the Act or any other regulations issued by the Commission, shall have the same meaning as assigned to them respectively in the Act, or such other regulations issued by the Commission.

**3. Central Agency and its Functions.**—(1) The National Load Despatch Centre shall be the Central Agency for the purpose of these regulations:

Provided that the Commission may designate any other agency as the Central Agency after satisfying itself that such agency has the required capability of performing functions as provided under these regulations.

(2) The functions of the Central Agency shall be to:

- (i) undertake registration of eligible entities,



- (ii) develop a mechanism for accounting of generation and sale in respect of Certificates;
- (iii) undertake issuance of Certificates,
- (iv) maintain and settle accounts in respect of Certificates,
- (v) act as repository of transactions in Certificates,
- (vi) maintain Registry of Certificates,
- (vii) perform such other functions incidental to sub-clauses (i) to (vi) of this clause, and
- (viii) undertake any other function that may be assigned by the Commission.

**4. Eligibility for Issuance of Certificates.**—(1) Following entities shall be eligible for issuance of Certificates:

- (a) Renewable energy generating stations,
- (b) Captive generating stations based on renewable energy sources,
- (c) Distribution licensees, and
- (d) Open access consumers

(2) A renewable energy generating station shall be eligible for issuance of Certificates, if it meets the following conditions:

- (a) the tariff of such renewable energy generating station, for part or full capacity, has not been either determined or adopted under section 62 or section 63 of the Act respectively, or the electricity generated is not sold directly or through an electricity trader or in the Power Exchange, for RPO compliance by an obligated entity;
- (b) such renewable energy generating station has not availed any (i) waiver of or concessional transmission charges or (ii) waiver of or concessional wheeling charges.

(3) A captive generating station based on renewable energy sources and meeting the conditions as specified under clause (2) of this Regulation in respect of renewable energy generating station shall be eligible for issuance of Certificates:

Provided that the Certificates issued to such captive generating station to the extent of self-consumption, shall not be eligible for sale.

(4) An obligated entity being a distribution licensee or an open access consumer, which purchases electricity from renewable energy sources in excess of the renewable purchase obligation as determined by the concerned State Commission shall be eligible for issuance of Certificates to the extent of purchase of such excess electricity from renewable energy sources.

**5. The Processes.**—The process involves (i) accreditation to the eligible entities for Certificates and (ii) registration of the eligible entities for Certificates and (iii) issuance, exchange and redemption of Certificates, as specified in these regulations.

**6. Grant of Accreditation for Certificates.**—(1) Accreditation to the eligible entities connected to intra-State transmission system shall be granted by the State Agency:



Provided that the eligible entities granted accreditation prior to the date of coming into force of these regulations shall be deemed to have been granted accreditation under these regulations till validity of their respective accreditations.

(2) Accreditation to the eligible entities connected to the inter-State transmission system shall be granted by the RLDC of the region in which such eligible entities are located, in accordance with the Procedure for Accreditation to be issued by the Central Agency as part of the Detailed Procedure:

Provided that the eligible entities granted accreditations prior to the date of coming into force of these regulations shall be deemed to have been granted accreditations under these regulations and their accreditations shall remain valid till the date of validity of their respective accreditations.

(3) The eligible entities that have been granted accreditations, referred to in clause (2) of this Regulation, which have undergone a change in name or change in legal status after the grant of accreditation, shall inform, along with relevant documents from the appropriate authority such as Registrar of Companies or National Company Law Tribunal or any other Court, to the concerned RLDC which shall, upon verification of documents, update such change in its records within 30 days from the date of such information and inform the same to the Central Agency.

(4) Notwithstanding the provisions contained in clauses (1) and (2) of this Regulation, a distribution licensee or an open access consumer satisfying the eligibility conditions specified in clause (4) of Regulation 4 of these regulations, shall be deemed to have been accredited for grant of registration under these regulations.

**7. Revocation of Accreditation.**—The concerned RLDC, after making an enquiry and giving notice may revoke, recording reasons for such revocation, accreditation granted to an eligible entity referred to in clause (2) of Regulation 6 of these regulations in case the eligible entity breaches any of the terms and conditions of its accreditation, the breach of which is expressly declared by such accreditation to render it liable for revocation.

**8. Grant of Registration for Certificates.**—(1) An eligible entity which has been granted accreditation or deemed to have been granted accreditation under these regulations, shall be eligible for grant of registration by the Central Agency in accordance with the Procedure for Registration for Certificate to be issued by the Central Agency as part of the Detailed Procedure:

Provided that the entities granted registration under the REC Regulations, 2010 shall be deemed to have been granted registration under these regulations.

(2) The registration granted in terms of these regulations shall be valid for twenty five years from the date of registration:

Provided that the registration granted under the REC Regulations, 2010 and deemed to have been granted registration under these regulations shall be valid for a period of twenty five years from the date of deemed registration .

(3) The entities having been granted registration which have undergone change in name or change in legal status after the grant of registration, shall inform, along with relevant documents from the appropriate authority such as Registrar of Companies or National Company Law Tribunal or any other Court,



to the Central Agency which shall, upon verification of documents update such change in its records within 30 days from the date of such application.

**9. Revocation of Registration.**—The Central Agency, after making an enquiry and giving notice may revoke, recording reasons for such revocation, registration granted to an eligible entity referred to in clause (1) of Regulation 8 of these regulations in case the eligible entity breaches any of the terms and conditions of its registration, the breach of which is expressly declared by such registration to render it liable for revocation.

**10. Issuance of Certificates.**—(1) An eligible entity which has been granted registration or deemed to have been granted registration may apply for issuance of Certificates, to the Central Agency in accordance with the Procedure of Issuance of Certificate to be issued by the Central Agency as part of the Detailed Procedure.

(2) Application for issuance of Certificates shall be made by an eligible entity being a renewable energy generating station or a captive generating station based on renewable energy sources, to the Central Agency within six months from the corresponding generation by the eligible entity:

Provided that no Certificate shall be issued in case the application is made beyond the period of six months from the corresponding generation.

(3) Application for issuance of Certificates shall be made by an eligible entity being a distribution licensee or an open access consumer within three months from the end of a financial year, along with a copy of certification from the concerned State Commission about purchase of electricity from renewable energy sources in excess of the renewable purchase obligations as determined by the concerned State Commission:

Provided that no Certificate shall be issued in case the application is made beyond the period of three months from the end of the financial year.

(4) The Central Agency shall, within fifteen days from the date of receipt of complete application for issuance of Certificates from an eligible entity, issue Certificates or reject the application recording the reasons for such rejection and intimate the same to the concerned entity.

(5) The Certificates shall be issued to the eligible entity being a renewable energy generating station or a captive generating station based on renewable energy sources, on the basis of the electricity generated and injected into the grid or deemed to be injected in case of self-consumption by the eligible captive generating station based on renewable energy sources and duly accounted in the Energy Accounting System:

- (i) as per the Grid Code or the State Grid Code, as the case may be, or
- (ii) based on written communication of distribution licensee to the concerned State Load Despatch Centre or Regional Load Despatch Centre with regard to the energy input by the renewable energy generating station and captive generating station based on renewable energy sources which are not covered under the existing scheduling and despatch procedures.



(6) The entities granted registration or deemed to have been granted registration under these regulations shall be eligible for issuance of Certificates for the validity period of their registration.

**11. Exchange and Redemption of Certificates.**—(1) The Central Agency shall maintain a Registry of Certificates.

(2) The Certificates shall be exchanged through power exchanges or through electricity traders in such periodicity as may be stipulated by the Central Agency in the Detailed Procedure.

(3) The Power Exchange(s) shall seek approval of the Commission, as may be required under the Central Electricity Regulatory Commission (Power Market) Regulations, 2021, to the respective Bylaws and Rules for exchange of Certificates in the Power Exchange(s).

(4) Exchange of Certificates through electricity traders shall be subject to the following:

- (a) The eligible entities shall inform, in advance, to the Central Agency about the number of Certificates intended to be sold through electricity traders;
- (b) The Central Agency shall block such number of Certificates in the Registry as informed by the eligible entities in terms of sub-clause (a) of this clause;
- (c) The Certificates blocked under sub-clause (b) of this clause shall not be allowed to be exchanged through Power Exchange(s);
- (d) The electricity traders shall intimate to the Central Agency consequent upon sale of the Certificates blocked under sub-clause (b) of this clause;
- (e) The trading margin for exchange of Certificates through electricity traders shall be governed by the Trading Licence Regulations, 2020, treating one Certificate representing one Megawatt hour of electricity.

(5) The Certificates once exchanged through Power Exchange(s) or through electricity traders and used for compliance of RPO by the obligated entities, shall stand redeemed.

(6) Upon redemption, the Central Agency shall extinguish the said Certificates from the Registry and update its records.

(7) The Certificates issued to captive generating stations based on renewable energy sources to the extent of self-consumption shall stand redeemed on compliance of RPO:

Provided that the State Agency shall inform the Central Agency about such redemption of Certificates, upon which the Central Agency shall extinguish such Certificates and update its records.

**12. Denomination of Certificate.**—(1) Each Certificate issued under these regulations shall represent one Megawatt hour of electricity generated from renewable energy sources and injected or deemed to be injected (in case of self-consumption by eligible captive generating station based on renewable energy sources) into the grid:



Provided that Certificate Multiplier may be determined by the Commission as per clause (2) of this Regulation:

Provided further that Certificates shall be issued in multiple of the assigned Certificate Multiplier as per clause (2) of this Regulation for one Megawatt hour of electricity generated and injected or deemed to be injected into the grid.

The Certificate Multiplier for the period of three years from the date of effect of these regulations or such other period as may be decided by the Commission, as determined in Appendix-1 shall be as under:

Renewable Energy Technologies	Certificate Multiplier
On-shore Wind and Solar	1
Hydro	1.5
Municipal Solid Waste (MSW) and non-fossil fuel-based cogeneration	2
Biomass and Biofuel	2.5

Provided that the Certificate Multiplier for other renewable energy technologies, not covered in the above table, shall be notified by the Commission on a case-to-case basis based on the principles stipulated in Appendix-1:

Provided further that the Commission may, from time to time, based on review of the maturity level and cost of various renewable energy technologies, revise the Certificate Multiplier.

(3) Applicable Certificate multiplier as per clause (2) of this Regulation shall be assigned to the renewable energy generating stations and captive generating stations based on renewable energy sources, commissioned after the date of coming into force of these regulations.

(4) The Certificate Multiplier once assigned to a renewable energy generating station, shall remain valid for a period of fifteen years from the date of commissioning of such renewable energy generating station or captive generating station based on renewable energy sources:

Provided that for the period of validity of their Registration beyond fifteen years from the date of commissioning of such renewable energy generating station or captive generating station based on renewable energy sources, such renewable energy generating station or captive generating station based on renewable energy sources shall be issued one Certificate for one Megawatt hour of electricity generated and injected or deemed to be injected into the grid.

**13. Pricing of Certificates.**—(1) The price of Certificates shall be as discovered in the Power Exchange(s) or as mutually agreed between eligible entities and the electricity traders:

Provided that the Power Exchange(s) and the electricity traders shall report all transactions with details including but not limited to volume, price, buyers and sellers to the Central Agency on a monthly basis.

(2) The Commission may by an order give such directions to the Power Exchange(s) or the electricity traders or the Nodal Agency as may be considered necessary, on being satisfied that any of the following circumstances exist or are likely to occur:



- (a) Abnormal increase or decrease in prices of Certificates;
- (b) Sudden volatility in the prices of Certificates;
- (c) Sudden high or low transaction volumes of Certificates on a Power Exchange.

**14. Validity of Certificates.**—(1) The Certificates issued shall remain valid until they are redeemed:

Provided that where an eligible entity has obtained accreditation or registration on the basis of false information or by suppressing material information and the accreditation or registration of such entity is revoked at a later date, the Certificates already issued to such entity, but not redeemed, shall stand extinguished from the date of issue of such Certificates and in respect of Certificates already redeemed, such entity shall deposit in the Central Agency, the amount realized from sale of such Certificates along with the interest at the rate of two hundred (200) basis points above the State Bank of India Marginal Cost of Funds based Lending Rate (MCLR) of one year tenor.

**15. Fees and Charges.**—The Commission may, based on the proposal from the Central Agency, determine the fees and charges payable by the eligible entities for accreditation, registration, issuance of Certificates and other matters connected therewith.

**16. Detailed Procedure.**—(1) The Central Agency shall issue the Detailed Procedure after stakeholders' consultation within a period of 3 months of notification of these regulations and submit the same for information to the Commission.

(2) The Detailed Procedure shall contain procedures including, but not limited to:

- (a) Procedure for accounting of generation in respect of eligible entities as referred in clause (2) of Regulation 3 of these regulations;
- (b) Procedure for Accreditation as referred in clause (2) of Regulation 6 of these regulations;
- (c) Procedure for Registration for Certificate as referred to in clause (1) of Regulation 8 of these regulations;
- (d) Procedure for Issuance for Certificate as referred to in clause (1) of Regulation 10 of these regulations;
- (e) Periodicity for exchange of Certificate through power exchange or through electricity traders as referred to in clause (2) of Regulation 11 of these regulations;
- (f) other related and incidental matters.

**17. Power to give directions.**—The Commission may, from time to time, issue such practice directions and orders as considered appropriate for the implementation of these regulations.

**18. Power to Relax.**—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 any of the provisions of these regulations on its own motion or on an application made before it by interested person(s).

**19. Repeal and Savings.**—(1) Save as otherwise provided in these regulations, the REC Regulations, 2010 and all subsequent amendments thereto and Procedures thereof shall stand repealed from the date of coming into force of these regulations.



(2) Notwithstanding such repeal:

- (a) anything done or any action taken or purported to have been done or taken or any accreditation or registration or permission granted or any document or instrument executed or any direction given under the repealed regulations shall, in so far as it is not inconsistent with the provisions of these regulations, be deemed to have been done or taken under the corresponding provisions of these regulations;
- (b) the Certificates issued under the REC Regulations, 2010 (except the Non-Solar Certificates issued prior to 1.4.2017) and not redeemed prior to the date of coming into force of these regulations shall remain valid until they are redeemed and shall be eligible for exchange as per these regulations;
- (c) the exchange of the Non-Solar Certificates issued prior to 1.4.2017 shall continue to be governed by the Commission's letter dated 28.5.2018 read with corrigendum dated 4.6.2018 in Petition No.14/SM/2017 till they are redeemed as per their validity under the REC Regulations 2010, subject to any further directions of the Hon'ble Supreme Court in Civil Appeal No.4801 of 2018.
- (d) any order or direction issued or approval granted, or any appointment made in pursuance of the repealed regulations shall, if in force at the commencement of these regulations, continue to be in force, and shall have effect as if made, directed or issued under or in pursuance of these regulations, unless otherwise specifically required under these regulations.

### **APPENDIX-1**

#### **Principles for Determination of Certificate Multiplier**

(A) Certificate Multiplier has been determined based on the tariff range of various renewable energy sources, by taking into account the:

- Tariffs of renewable energy projects discovered through bidding process under Section 63 of the Act;
- Tariff Orders issued by the Commission for projects based on various Renewable Energy Sources;
- Tariff Orders issued by State Electricity Regulatory Commissions for Renewable Energy Projects;
- Renewable Energy Project Specific Tariffs determined by the Appropriate Commission, if any.

(B) Based on the above principles, the levelized tariff for renewable energy technologies estimated and Certificate Multiplier assigned to renewable energy technologies are as follows:

Renewable Energy Technologies based on	Tariff Range in Rs/kWh	Certificate Multiplier
On-shore Wind and Solar	≤4	1
Hydro	4-6	1.5
Municipal Solid Waste (MSW) and non-fossil fuel-based cogeneration	6-8	2
Biomass and Biofuel	8-10	2.5