

Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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Case No. 74 of 2010

In the matter of
Determination of Fees and Charges payable under Regulation 9.7 of Maharashtra
Electricity Regulatory Commission (Renewable Purchase Obligation, its Compliance
and Implementation of REC framework) Regulations, 2010

Shri. V. P. Raja, Chairman
Shri Vijay L. Sonavane, Member

Draft Order (Suo Motu)

Dated:, 2010

In exercise of the powers conferred under Sections 61, 66, 86(1) (e) and 181 of the Electricity Act, 2003 (“EA 2003”), the Commission has notified the Maharashtra Electricity Regulatory Commission (Renewable Purchase Obligation, its Compliance and Implementation REC Framework) Regulations, 2010 (hereinafter referred to as "MERC RPO-REC Regulations, 2010") on June 7, 2010.

2. Under the MERC RPO-REC Regulations, 2010, the Renewable Energy Certificate (REC) mechanism is a market based instrument to promote renewable energy and to facilitate Renewable Purchase Obligations (RPO). REC could be purchased by the obligated entities to meet their RPO under section 86 (1) (e) of the EA 2003. Purchase of REC would be deemed as purchase of RE for RPO compliance. The concept of Renewable Energy Certificate (REC) enriched in the aforesaid Regulations seeks to address the mismatch between availability of

RE sources and the requirement of the obligated entities to meet their Renewable Purchase Obligation. As per the REC framework, accreditation of a RE project is to be undertaken at the State level. The Commission is required to designate the State agency for accreditation for RPO compliance and for implementing the REC mechanism at State level. Undertaking the accreditation process at State level requires understanding of State specific issues. The "State Agency" as defined in the MERC RPO-REC Regulations, 2010 means the agency to be designated by the Commission from time to time to act as the agency for accreditation and recommending the renewable energy projects for registration and to undertake functions under the said Regulations. Regulation 9.1 of MERC RPO-REC Regulations, 2010 provides as follows :-

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

Accordingly, after considering the requisite necessary technical and other capabilities for discharging the functions as provided in the Regulations, the Commission vide its *suo-motu* Order dated July 1, 2010 in Case No. 21 of 2010 has designated the “Maharashtra Energy Development Agency” (“MEDA”) to undertake the function of State Agency under Regulation 9.1 of the MERC RPO-REC Regulations, 2010. The functions of the State Agency under the MERC RPO-REC Regulations, 2010 are *inter alia* that of accreditation and recommending the renewable energy projects for registration.

There is a need to specify the fees and charges for accreditation and recommending the renewable energy projects for registration in order to cover the State Agency’s operation cost and to develop a sustainable mechanism. Also, in view of the role of the State Agency, capacity building of the State Agency is important for proper implementation of the REC framework.

3. The Central Electricity Regulatory Commission (“CERC”) vide *Suo Motu* Order, Petition No. 230/2010 (*Suo Motu*) dated September 21, 2010 in the matter of “*Determination of Fees and Charges payable under Regulation 11 of the Central Electricity Regulatory*

Commission (Terms and Condition for Recognition and Issuance of Renewable Energy Certificate for Renewable Energy Generation), Regulations, 2010”, has determined the fees and charges for Accreditation of RE Generation project. Para No. 27 of the aforesaid Order provides as follows:

“ 27. The Commission determines the fees and charges for accreditation of RE project(s) which will apply till such fees and charges are specified by State Commission for the State Agency.”

4. Regulation 9.7 of MERC RPO-REC Regulations, 2010 provides as under:

“9.7 The State Commission may from time to time fix the fees and charges payable to the State Agency for discharge of its functions under these Regulations.”

In this regard, MEDA, having been designated as the State Agency for accreditation and recommending the Renewable Energy projects in the State of Maharashtra, has proposed the minimum charges required for discharging its functions under the said Regulations for accreditation of RE Generators, as under:

- 4.1. Non-refundable One time application processing fee per application payable at the time of submitting application = Rs. 5,000/-
- 4.2. One time accreditation charges per application upon grant of accreditation = Rs. 30,000/-
- 4.3. Annual charges for accreditation per application payable by April 10, for each fiscal year (or each anniversary date for date of initial accreditation) = Rs. 10,000/-
- 4.4. Accreditation charges for revalidation/extension of validity per application payable at the time of revalidation/extension of validity of existing accreditation at the end of five year = Rs. 15,000/-

MEDA has sought approval of the Commission on the above minimum charges.

Accordingly, in exercise of the powers conferred under Regulation 9.7 of the MERC RPO-REC Regulations, 2010, the Commission hereby determines the fees and

charges payable to the State Agency for discharging functions of accreditation and recommending the renewable energy projects for registration.

5. Accreditation Fees and Charges:

The Commission while examining the charges proposed by MEDA has kept in view the operation cost and the cost attendant to develop a sustainable mechanism. Accordingly, the Commission has considered (i) travelling expenses; (ii) the man power cost to the extent possible for the inspection of the project site; (iii) administrative and general expenses; (iv) up-gradation and asset related repairs & maintenance cost; (v) remuneration to the consultants, officers of the State Agency as the costs reasonable to be incurred by the State Agency for discharge of its functions under the MERC (RPO-REC) Regulations, 2010 towards that of accreditation and recommending the renewable energy projects for registration. Although, under the Central Commission's Orders dated August 10, 2010 and September 21, 2010 in Petition No. 230 /2010 (Suo Motu), fees and charges have been determined for Accreditation by eligible entity to act as default fees and charges for accreditation till the State Commissions notify such charges for the State Agencies, the MERC is fortified by the detailed analysis of estimation of expenses and revenues of State Agencies provided by the Central Commission while determining the fees and charges payable to the State Agency in its Orders dated August 10, 2010 and September 21, 2010 in Petition No. 230 /2010 (Suo Motu).

Accordingly, the fees and charges for accreditation of RE project(s) as payable to the MEDA shall be as follows:-

- 5.1 The application for Accreditation of RE Generation Projects shall be accompanied by a non-refundable 'One-time Application Processing Fees' at the rate of Rs.5000/- per application.
- 5.2 The Eligible Entity shall pay the 'One-time Accreditation Charge' at the rate of Rs.30000/- per application once the 'Certificate of Accreditation' is granted by the State Agency.
- 5.3 The Eligible Entity shall also pay an 'Annual Charge' at the rate of Rs.10000/- per application. The 'Annual Charges' shall be payable by April 10 of each year.

- 5.4 The Eligible Entity shall pay charges towards Revalidation/Extension of Validity at the rate of Rs.15000/- per application at the time of revalidation/extension of validity of existing Accreditation at the end of five (5) years, or any such period as determined by the Commission from time to time, from the date of initial Accreditation unless otherwise revoked prior to such validity period.
- 5.5 The taxes and duties on fee and charges shall be applicable as per prevailing norms.

The above fees and charges have been kept at the same levels as determined by the Central Commission in its Orders dated August 10, 2010 and September 21, 2010 in Petition No. 230 /2010 (Suo Motu).

6. Accounting of Accreditation Fee and Charges:

- 6.1 The State Agency shall maintain a separate bank account called 'Accreditation Fee & Charge Account' wherein all the money received on account of Accreditation of RE Generation Projects by the State Agency shall be credited.
- 6.2 The Statement of Applicable Fee and Charges shall be issued by State Agency to the Eligible Entity towards accrediting its Generation Projects, by April 1 of every year or on each anniversary date from the date of initial Accreditation.
- 6.3 The Statement of Applicable Revalidation Charge shall be issued by the State Agency at the end of five years from the date of initial Accreditation.
- 6.4 The Applicable Fee and Charges shall be payable by the Eligible Entity within Ten (10) days from the issue of Statement by the State Agency. In case the payment is delayed beyond two days from the due date, the Eligible Entity responsible for the delay shall be liable to pay interest at the rate of 0.04% per day or as per the charges mentioned in the CERC REC Regulations from time to time.

7. Collection and Utilisation of Funds from Accreditation of RE Generation Project:

- 7.1 The fee and charges towards Accreditation of RE Generation Project shall be collected by the State Agency.
- 7.2 The fee and charges paid by the Eligible Entity towards Accreditation of its Generation Projects shall be utilised for the purpose of meeting the cost and expense towards the remuneration payable to the State Agency, officers, employees, consultants and representatives engaged to perform the functions under the MERC RPO-REC Regulations, 2010 for implementation of REC Mechanism.

8. Applicability of the Order:

- 8.1 The fee and charges determined through this Order shall be payable by the eligible entities participating in the REC Mechanism.
- 8.2 The Control Period or Review Period of the fee and charges determined through this Order shall be of three years of which the first year shall be the period from the date of issue of this Order to March 31, 2011.

(Vijay L. Sonavane)

Member

(V. P. Raja)

Chairman

(K. N. Khawarey)

Secretary, MERC