

TELANAGANA STATE ELECTRICITY REGULATORY COMMISSION 5th Floor, Singareni Bhavan, Red Hills, Hyderabad-500 004

O. P. No. 61 of 2015 And I. A. No. 23 of 2015

Dated: 26.04.2016

Present

Sri. Ismail Ali Khan, Chairman Sri. H. Srinivasulu, Member Sri. L. Manohar Reddy, Member

Between

(O. P. No. 61 of 2015)

M/s. Green Energy Association with its registered office at: Sargam, 143, Taqdir Terrace, near Shirdokar High School, Dr. E. Borjes Road, Parel (E), Mumbai - 400 012.

... Petitioner

Vs.

Respondent - 1
Respondent - 2
Respondent - 3
Respondent - 4
Respondent - 5

I. A. No. 23 of 2015 (to amend the title shown above and other prayers)

M/s. Green Energy Association with its registered office at: Sargam, 143, Taqdir Terrace, near Shirdokar High School, Dr. E. Borjes Road, Parel (E), Mumbai - 400 012. ... Petitioner

Vs.

Southern Power Distribution Company of Telangana
 State Limited Corporate Office, Mint Compound,
 Hyderabad ... Respondent No.1

2) Northern Power Distribution Company of Telangana Limited-1- 1/1/78 & 503, Chaitanyapuri, Kazipet, Warangal – 506004.

3) State Load Dispatch Centre, Room No.611, 6th Floor, Vidyut Soudha, AP Transco, Khairtabad, Hyderabad-500 082.

... Respondent No.3

... Respondent No.2

This petition coming up for hearing on 05.02.2015, 27.04.2015, 30.06.2015, 17.07.2015, 25.08.2015, 08.09.2015, 30.11.2015 and 23.12.2015. Sri. B. Tagore, Advocate appeared on behalf of the petitioner on 05.02.2015, 27.04.2015, 30.06.2015, 17.07.2015, 25.08.2015, 08.09.2015 and 23.12.2015. Sri D. S. Siva Darshan, Advocate appeared on behalf of the petitioner on 30.11.2015. Sri P. Siva Rao, Advocate appeared for the respondent on 05.02.2015. Sri B. Sanjay Kumar, Asst. Divisional Engineer, ITC, TSPCC appeared on behalf of the respondent on 27.04.2015. Sri Y. Rama Rao, Standing Counsel for the Respondent, along with Sri J. Ashwini Kumar, Advocate appeared on 30.06.2015 and 17.07.2015. Sri Y. Rama Rao, Standing Counsel for the Respondent along with Sri J. Rama Rao, Standing Counsel for the Respondent along with Sri P. Venkatesh, Advocate appeared on 30.11.2015 and 23.12.2015. The petition having stood for consideration to the date, the Commission passed the following:

ORDER

Originally this petition was filed before the erstwhile APERC when the state of Andhra Pradesh was existing. Subsequently after formation of the state of Telangana, the proceedings were continued before the joint regulatory body for the states of Andhra Pradesh and Telangana. When the separate Commission for the state of Telangana was formed, this petition along with other petitions was transferred in respect of the two DISCOMs falling within the jurisdiction of this Commission. Thus the present petition has been placed before us and was taken up for hearing by renumbering it on the file of this Commission.

2. M/s Green Energy Association (petitioner) had filed the present petition under clauses 7 (1) and (2) and clause 9 of the APERC Renewable Power Purchase Obligation (Compliance by purchase of Renewable Energy / Renewable Energy Certificates) Regulations, 2012, which regulation is adopted by this Commission under Regulation No. 1 of 2014. The petitioner originally sought the following prayer in the petition

1) The obligated entities (i) distribution licensee (ii) open access consumers and (iii) captive consumers in the state of Telangana shall be asked to give the compliance status of the fulfillment of the RPO as per the regulation

2) Towards non-compliance of RPO for the FY 2012-13 by the obligated entities in the event of energy from renewable sources were available in the power exchange mechanism, the obligated entities (OES) shall be made liable to pay compensation as per Regulation 9 of the Regulations

3) The Commission shall empower an officer of the state agency to procure from 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.

4) For the FY 2013-14 and FY 2014-15, the distribution licensee shall be asked to provide along with sufficient proof thereof, the estimated quantum of purchase from renewable sources for the ensuing year.

5) For the FY 2013-14 if the distribution licensee is unable to get desired solar power to fulfill the obligation by their own sources and PPAs, the distribution companies should be asked to procure the required RECs for the compliance of the same in the same financial year.

6) Where any obligated entity fails to comply with the obligation to purchase the required percentage of power from renewable energy sources or the renewable energy certificates, it shall also be liable for penalty as may be imposed by the Commission U/s.142 of the Act.

7) To pass any other order as the Hon'ble Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice.

8) To condone any error / omission and to give opportunity to rectify the same.

9) To permit petitioner to make further submissions addition and alteration to this petition as may be necessary from time to time.

The petitioner is Green Energy Association of the companies engaged in the business of renewable energy. The major focus of the Association is on REC mechanism in India.

3. The petitioner stated that, it represents the majority of the members who have more than 90% of the investments in the solar REC mechanism. The combined investment of the members of the Association in the field of solar REC is over Rs. 2,000 crores and providing direct / indirect employment to about 1500 to 2000 qualified persons. The members of the Association also include the company which has established the first solar plant under REC mechanism and being the largest single investor in REC mechanism in India is also a member of the petitioner association.

4. The petitioner stated that the major activities of the Association are to educate people and develop awareness among the public on environment and sustainability issues, channelize the corporate social responsibility efforts of companies / organization, create or help in creating employment for the under privileged work forces for green jobs. It also conducts campaign against unscientific waste of hazardous waste disposal and usage of non bio-degradable substances to bring together all the members of association and manufacturers, purchasers, associated with the production of green energy on a common platform. The Association represents the problems and issues faced by the green energy purchasers with the Government, semi-Government and any other bodies.

5. The petitioner stated that the Association of companies engaged in generation of electricity through non-conventional sources of energy (solar energy under REC mechanism). Thus, it is a generating company within the meaning of Electricity Act of 2003 (Act, 2003). In exercise of powers conferred u/s. 61, 66, 86 (1) (e) and 181 of Act, 2003 and all other powers enabling it in this behalf after holding public hearing on 12.01.2012, the erstwhile APERC had made a regulation namely APERC Renewable power purchase obligation (compliance by purchase of renewable energy / renewable energy certificates) Regulations, 2012 (Regulation 1 of 2012) which provided for the obligation for purchase renewable power and compliance of procurement of renewable power by purchase of renewable energy certificates. The Commission has adopted

the regulations framed by the erstwhile APERC. As per the said regulation, RPP obligated entities mean an entity obligated to purchase renewable power under the provisions of the said regulations:

- a) Distribution licensees
- b) Open access consumers
- c) Captive consumers with an installed capacity of (1) MW

6. The petitioner stated that the State Commission defines renewable energy certificates (RECS) as a valid instrument for the compliance of RPO under clause No. 4 of its regulation issued in the year 2010. The clause 2 (n) of the regulations defines state agency as, "the State Load Dispatch Centre of the Andhra Pradesh" (now the State Load Dispatch Center of Telangana State) as has been defined u/s.2 (66) of the Act, 2003 or an agency so designated by the Commission under clause 5.4 of the Regulations to act as the agency for accreditation and recommending the renewable energy projects for registration for undertaking the functions under the regulation.

7. The petitioner stated that in the tariff order for retail supply for the year 2013 -14, the licensees in their responses to the objections and suggestions stated that the DISCOMs have to meet RPPO of 0.25% of the total power procurement from renewable sources, specifically from solar plants. The DISCOMs had floated tenders to meet the RPPO by the recent tender for setting up 1,000 MW of solar power. In the absence of meeting solar RPPO, DISCOMs have to procure REC from the power exchange. Considering floor price of Rs. 9.30 + Rs. 3.50 = Rs. 12.80 per unit, DISCOMs expect the tariff in the range of Rs. 7 – Rs. 8 per unit including REC benefit. This proposition is beneficial to DISCOMs. From the information filed in the ARR for the year 2013 - 2014, the total captive generation capacity in industries having demand of 1 MW or above, which is active on the Grid is 34444.12 MW, which under RPP obligation. In relation to present installed capacity of solar power plants in the states for the years 2012 - 2013 and 2013 - 2014, there will be substantial deficit in compliance of solar RPPO which is likely to increase further including from the year 2014 – 2015 onwards. Solar RECs are available in both the exchanges from May, 2012.

8. The petitioner stated that Joint Electricity Regulatory Commission (JERC) has directed the Electricity department of Union territories to stagger purchase of

renewable energy / REC to avoid purchase at higher rate towards the end of the financial year when there is scramble for RECs and demand is much more than supply, thereby resulting in much higher than the average price prevailing during the year. Based on this, Secretary, Power Union Territory, Chandigarh stated that Chandigarh Electricity department (CED) has met RPO Obligation on solar power upto 31.3.2013. The CED has purchased solar and non-solar REC for the year 2012 - 2013 to meet its RPO as specified in the Regulation. The CED has also purchased additional RECs during the financial year 2012 - 2013 to make good the short fall in the purchase of renewable energy for the year 2011 - 2012. In the absence of any RPO specified for the year 2013 - 2014, the CED has considered the RPO for the year 2012 - 2013 in the line with the Clause 1.2 of RPO Regulation.

9. The petitioner stated that the Maharastra Electricity Regulatory Commission (MERC) in Case No.49 / 2013 had instructed the obligated entities to fulfill their solar RPO for the years 2010 - 2011, 2012 - 2013 and 2013 - 2014 cumulatively by 31.03.2014. The Punjab State Electricity Regulation Commission (PSERC) in Petition No. 36 / 2013 and 34 / 2013 has directed all the obligated entities to fulfill their solar RPO cumulatively up to the year 2013-2014 till 31.12.2013. The MERC had passed an order to fulfill the RPO targets both by solar and non-solar for all four years i.e., from 2010 - 2011 to 2013 - 2014 cumulatively before 31.03.2014. The Commission directed enforcement of the said order in letter and spirit.

10. The petitioner stated that JERC had by a suo - motu ordered on 25.10.2013 in Petition No. 61 / 2012 in the matter of compliance of the Joint Electricity Regulatory Commission for the state of Goa and Union Territories (Procurement of Renewable Energy) Regulation, 2010 regarding renewable purchase obligation has emphasized upon all the licensees obligated entities and state agencies for compliance of RPO for the years 2010 - 2011 to 2013 - 2014 latest by March, 2014 positively, failing which, the Commission shall be constrained to proceed under Regulation No. 4 of JERC (Procurement of renewable Energy) Regulations, 2010 against the licensees / obligated entities.

11. The petitioner stated that the Forum of Regulators (FOR) by consensus had agreed on the need for stricter action against non-compliance of the RPO targets, invoking the provisions in the existing regulations for imposing non-compliance

charges by the Commissions and imposing penalty for non-compliance of RPO, in the FOR meet held on 21.8.2013 in New Delhi. The FOR had carried out a study to assess the feasibility of renewable energy potential in different states to enable studying the possible RPO trajectories and its likely impact on consumer tariff. The study report revealed that the PAN India incremental impact of increasing RPO by a unit rate of 1.2% every year from the present level of 4% would not be substantial and incremental impact was estimated to be less than 1.5 paise per unit which reduces to almost 'zero (0)' in 2015. Further the Government of India (GOI) has amended Para - 6.41 of tariff policy 2006 and revised the solar power capacity requirement for the year 2012-2011 upto 3%. Thus, it is imperative on the obligated entities to comply with RPO targets.

12. The petitioner stated that it has filed I. A. 23 / 2015 u/s. 94 (2) of the Act, 2003 seeking amendment of the title to the case and also to add another prayer to the main petition in view of the changed situation of constitution of a separate Commission for the state of Telangana in the place of erstwhile APERC. Considering the respective jurisdictions over the territories, amendment of the petition is necessitated. Having regard to the changed facts and circumstances, the only concerned respondents are Southern Power Distribution Company of Telangana State Limited and Northern Power Distribution Company of Telangana are proper and necessary parties to the petition. Therefore, they are praying to delete erstwhile respondents 2 and 4 by AP Utilities i.e., Eastern Power Distribution Company of AP and Southern Power Distribution Company of AP. Further, the year 2014-2015 is about to end for determining renewable purchase obligation by obligatory entities in the State of Telangana.

13. The respondents originally filed a counter affidavit adverting to the contentions in the original petition and stated as follows:

 As per APERC Regulation 1 of 2012, the obligated entities which includes APDISCOMS have to purchase RE energy at 5% of the total consumption with categorization 4.75% from non – solar renewable energy sources and 0.25% from solar RE generators. Alternatively, APDISCOMS can purchase RECs (both solar and non solar) from power exchange from 01.04.2012 to the extent of shortfall of RE energy (solar and non solar separately) to meet the RPPO Obligation.

- ii) Further, it is significant to mention that the APERC has also stated that the purchase of renewable power, by the distribution licensee, from other distribution licensees in the State of Andhra Pradesh, shall also be taken into account for computing the fulfillment of renewable power purchase obligation (RPPO) by such a licensee.
- iii) However, most of the RE projects, especially the solar and wind are at stage of gestation period and plants would commence operation by FY 2015-16. As such, there is RE generation shortfall in all the DISCOMs to meet RPPO. Therefore, no purchase as of now with availing such facility.
- iv) At present, the APDISCOMs are meeting 1.5% to 2% of RPPO obligation as against the APERC stipulation of 5%. As a consequence, the distribution licensees as per regulation 1 of 2012 require to purchase renewable energy certificates (RECs) for the balance percentage of RE energy from the power exchange. In fact, the purchase the RE certificates by APDISCOMs involves huge financial burden on the distribution licensees running to thousands of crores for the financial year 2012 – 13 and 2013 – 14. Conversely, it is nothing but a transfer mechanism of public money and increasing debts to DISCOMs and thereby paying consumer's money as interest of loan to bank.
- v) It is stated that all the DISCOMs of erstwhile state of Andhra Pradesh combinedly filed a separate petition in O. P. No. 19 of 2014 on the file of erstwhile APERC with certain prayers, however, the said petition was also pending at the time of bifurcation of the state of erstwhile Andhra Pradesh. (the prayer in that petition as mentioned in the counter affidavit is not relevant for deciding the present petition).
- vi) Further, it is to submit that the RE potential availability is not uniform among the DISCOMs across India. Based on the NREDCAP sanctions, about 5664.85 MW of RE capacity additions from various categories are anticipated by the end of 12th plan (FY: 2012 13 to FY: 2016 17). However, so far about 644.58 MW RE capacity was added in the state (all DISCOMs) during the period 2012 13 to 2013 14 under different modes of options i.e., PPA, Open Access, 3rd party / captive sale. Presently, the total RE capacity in the combined state of AP is 1536.523 MW.

- vii) APERC passed orders dated 22.06.2013 & 06.08.2013 re-determining the tariff payable to the NCE developers i.e., biomass, bagasse, minihydel & IW / MSW power projects from 2004 onwards. Though there is considerable increase in the NCE tariff, further capacity could not be added due to existing ban on entering PPA with new biomass projects by DISCOMs as per APERC orders in O. P. No. 9 of 2005.
- viii) In case of wind power projects, APERC based on the petition filed by M/s InWEA, has curtailed the control period of 01.05.2009 tariff order and increased the tariff from Rs. 3.50/- unit to Rs. 4.70/ unit i.e., by 34.2%. About 274 MW capacity was added from the date of APERC order dated 15.11.2012.
- ix) APTRANSCO has also taken up the comprehensive evacuation scheme works at an estimated cost of Rs. 3325.74 crores to facilitate evacuation of about 3150 MW wind power in Ananthapur and Kurnool Districts (which now form part of the residuary state of Andhra Pradesh which were under the jurisdiction of APCPDCL now TSSPDCL).
- x) With regard to solar power development, under JNNSSM schemes notified by MNRE, capacity of 64.75 MW is commissioned under various schemes. The details of schemes corresponding to their capacity is as below:

a)	JNNSM Ph – 1, Batch – 1	15 MW (out of 50 MW		
	allocation)			
b)	DDSSCD (Doofton D)/ 8 amall	0.75 M/M/ (out of 10.5 M/M)		

- b) RPSSGP (Rooftop PV & small 9.75 MW (out of 10.5 MW) power generation programme)
- c) JNNSM Ph 1, Batch 2 20 MW
- d) NTPC bundled scheme 10 MW Total 64.75 MW
- xi) Further, the erstwhile Go AP vide G. O. Ms. No. 46 dated 27.11.2012 had directed APTRANSCO to float tenders for procurement of 1000 MW solar PV / Solar thermal power through competitive bidding route and arrived uniform flat rate of Rs. 6.49 per unit. Besides, APTRANSCO notified solar open offer scheme with the same terms and conditions of solar bidding with the aim to invite interested prospective solar developers to setup solar plants, thereby more solar capacity addition in

the sector. As per open offer guidelines, the interested solar prospective developers are liberty to set up solar plants at Rs. 6.49/- unit anywhere in A P, subject to technical feasibility.

- xii) Further, based on GoAP approval, facility to sell solar power to DISCOMs from the solar plants was extended to solar developers applied under REC mechanism route and who obtained technical feasibility approval (i.e. REC to PPA regime) at the same terms of bidding / open offer guidelines. As of now about 600 MW LOIs were issued in bidding, open offer & REC to PPA conversion schemes, out of which 364 MW capacity PPAs are signed / ready to sign by solar developers with APDISCOMs.
- xiii) As the gestation period is estimated around 6 months to one year, the reality of project implementation would be in FY 2015 – 16, by which time solar RPPO can be met by APDISCOMs.
- xiv) With regard NCE power projects other than solar, the gestation period of establishing RE power projects have also to be taken into consideration for fulfillment of RPPO. However, DISCOMs are not denying entering of PPAs at generic tariff of APERC with the NCE developers in order to comply with RPPO.
- xv) Due to the non uniformity of the available resources of RE potential among the DISCOMs and existing remarks are not achieving the threshold PLF, it is a difficult task to purchase RE sources of energy to meet the 5% RPPO specified by the Commission.
- APERC vide orders dated 28.12.2013 determined the pooled cost of power purchase for the FY 2012 13 applicable for FY 2013 14 as Rs. 3.28/- unit. Also, the CERC vide orders dated 23.08.2011 determined the floor and forbearance price of RECs to be applicable from 1st April, 2012 during the control period from 20.12.2013 to 2016 17.
 Price Non Solar (Rs / MWh) Solar (Rs / MWh) Forbearance price 3300 13400 Floor price 1500 9300
- xvii) As seen from the above, the forbearance price of solar and non solar RECs, are far higher than the pooled cost of the DISCOMs. As such, levying of penalties on the DISCOMs lead to huge financial burden, in

turn on the consumers as DISCOMs are supplying energy to different types of consumers based on different tariffs approved by the commission, though purchasing the energy from various sources at different prices.

- 14. In reply the petitioner has filed written submissions and stated as follows:
 - a) Due to the petitioner being a generating company within the purview of the Act, 2003, the petitioner states that it is empowered to bring such an action vide the subject petition under Regulation 9 of the Regulation 1 of 2012. Thus, such an action being prescribed expressly under the Act, the said prayers mentioned hereinabove are feasible and allowed. Moreover, as held by the order dated April 25, 2014 in Appeal No. 24 of 2013, the Hon'ble Appellate Tribunal for Electricity ("APTEL / Tribunal"), the proposals for procurement of RE should be submitted by Discoms as a part of tariff petitions. If the distribution licensee is not able to the procurement of renewable energy to meet the RPO target, it should plan purchase of REC in advance. Further, the Hon'ble APTEL has directed that after the completion of the financial year the State Commission may review the performance of the distribution licensees in respect of RPO and give directions as per the Regulations. Suggestions and objections of the public should be invited in the review proceedings.
 - b) The respondent No. 1 has in the reply tried to impress upon the Commission that the petition filed by the petitioner is in the nature of a public interest litigation and that the Commission is not empowered to entertain the said petition. It is submitted that such a contention of the respondents is egregious and is denied herein. The petitioner has not approached the Commission in the guise of a public interest litigation, the Commission is empowered to hear on and receive information and submissions with respect to the compliance of the RPPO of the obligated entities within its jurisdiction and to levy such penalty deemed necessary in its discretion under the renewable power purchase obligation (compliance by purchase of renewable energy / renewable energy certificates) Regulations 2012 ("RPPO Regulation"). As a generating company and association involved in the generation of the electricity from solar energy sources, the petitioner is

within the four corners of the law to seek this action. To accuse the petitioner to be motivated to file this petition for premium price of their RECs is again far-fetched and egregious. It is clear from the prayer and the submissions in the petition that the petitioner is merely seeking the compliance of the RPPOs for FY 2012 – 2013, FY 2013 – 14 and FY 2014 – 15 by respondents who are obligated entities under the RPPO Regulations of this Commission. It is pertinent to note that while procuring the RECs from the exchange the respondents would not be making any specific contribution to the RECs of the petitioner or their members. The RECs are purchased across the board and further the price of the RECs are also uniform across the board, thereby the petitioner having no influence on the same. The RPPO regulations also recognises RECs as a means to comply with the RPPO under Regulation 3.1 thereof. Further as a consequence of default, the penalty amount deposited in the funds under first proviso Regulation 7.1 of RPPO Regulations. The non-compliance of RPPOs by the obligated entities is a default under the applicable law and liable for levy of penalty as specified in the RPPO Regulation. The RECs are calculated in the revenues of the generators are valid instruments for compliance of REC. Any waiver of RPPO may lead to lapse of the RECs and this would both impair the incentivised generators as well as impair the REC mechanism. Thus, to seek the compliance from the respondents under this subject petition is not a foreign contention.

- c) It is pertinent to note that the petitioner has not presumed or assumed anything. The petitioner has sought the compliance status and subject to the non – compliance being apparent from such submission of the respondents, has sought the directions under Regulation 9 under RPPO Regulations. Though the orders of the other State Commissions are not binding on this Commission, they are persuasive in the light that with similar regulations and subsistence of the REC Mechanism nationally, they too have decided in favour of compliance upto a fixed date.
- d) It is pertinent to note that the respondents have refrained from submitting any concrete data that may ascertain the exact extent of compliance or non
 compliance as the case may be in case of each utilities. Out of the mere 5% of the RPPO consumption of a DISCOM, they have to procure only

0.25% as pointed out by the respondents. Yet the same is not feasible, is the contention of the respondents. This is both unbelievable and unreasonable. Further skirting the issue the respondents have submitted that they are fulfilling only 1.5% to 2% out of this 5% mandate, without even bifurcating the solar and non – solar procurements. Neither have they described how much each of the respondent DISCOMs is fulfilling their RPPO. They are only justifying this by making an unsubstantiated claim that the RE projects are in gestation. The petitioner submits that their only contention has been to avoid compliance of RPPO. The petitioner puts the respondent to strict proof of their submissions.

- e) However, it is stated that from the contentions of the respondents it is apparent that the intention of the respondents is to revise the RPPO REC mechanism to suit their generation and procurement. Further, to state that the penalty would be collected from the consumers is an easy way to shirk their responsibility and penalize the poor consumers for the discoms laxity. It is submitted that the penalty is not a pass through cost whereas purchase of REC is and therefore, if the respondents were vigilant to monitor its compliance in advance it would have been in position to comply with its RPPO in timely manner.
- f) The petitioner sated that the with the extent as described the respondents have not detailed their own procurement for the period of FY 2012 – 13 and FY 2013 – 14. With the ban on the biomass projects, it must be noted that the order had not laid any restriction on the other modes of RPPO compliances. The orders have to be read with the subsisting regulations being the RPPO regulations.
- g) While the order in O.P. No. 13 of 2012 relied on by the respondents was passed to encourage and incentivise the wind power generation and the submission of the respondents of having an added capacity of 274 MW, the respondents have not submitted their compliance and deficit.
- h) It is pertinent to note that according to the statistics published on Ministry of New and Renewable Energy (MNRE) website by Central Power Distribution Company of Andhra Pradesh Limited i.e. the erstwhile respondent No. 1 in O.P. No. 18 of 2014 in the presentation titled "Andhra Pradesh Limited titled 'Andhra Pradesh Solar Policy & Discom perspective in compliance of solar

policy' dated May 23, 2013, it was pointed out that the total installed capacity in Andhra Pradesh was 1112 MW to the national figure of 28,000 MW. Of this the solar installed capacity was mere 44 MW in Andhra Pradesh. In the said presentation, the consolidated status of RPPO for FY 2012 – 2013 of the APDISCOMs is provided wherein it is clearly pointed out that out of the 5% RPPO only 2.99% of the Non-solar RPPO had been met and 0.13% of solar RPPO had been met. Despite the budgetary provision of Rs. 122 crores for all DISCOMs to fulfil the shortfall by purchase of RECs by this Hon'ble Commission, the same is being avoided by the respondents herein.

i) With respect to the price of RECs, it is stated that:

The CERC has fixed floor price and forbearance for the period April 1, 2012 upto FY 2016 – 17 as below:

Particulars	Floor price	Forbearance price					
Solar	Rs.9300 / mWh	Rs.13400 / mWh					
Trading price of solar REC in FY 2012 – 13, FY 2013 – 14:							

- j) It is evident that the prices of RECs have reached a mean and hence are available at floor price. The petitioner has already pointed out in their petition that there are a lot of RECs available on the market. Thus, the contentions of the respondents are not palatable as even after the various schemes may provide the potential capacity, the extant deficit in the state/s is huge and cannot be curtailed until the available RECs are utilized.
- k) As stated above in Order dated April 25, 2014 in Appeal No. 24 of 2014, the Hon'ble APTEL has held in unambiguous words that the compliance of RPPO is to be enforced by the State Commissions. The relevant portion of the said Order is reproduced herein below:

"(B) The proposal for renewable energy procurement should be submitted by the distribution licensee as part of the tariff petition for the ensuing year / annual performance review for the current year. Suggestion and objections of public have to be invited for the above petition. The State Commission may give necessary directions with regard to RPO after considering the suggestions and objections of the stakeholders. If the distribution licensee is not able to tie up procurement of renewable energy to meet the RPO target, it should plan purchase of REC. Advance planning of REC purchase will give ample opportunity to the distribution licensees to purchase REC when the market conditions are more favourable to them.

(C) After the completion of the financial year the State Commission may review the performance of the distribution licensees in respect of RPO and give directions as per the regulations. Suggestions and objections of the public should be invited in the review proceedings.

(D) The State Commission should give directions regarding relaxation in RPO and consequential order for default of the distribution licensees as per the RPO regulations. Accordingly, directed for future."

The petitioner had filed the petition much prior to expiration of the FY 2013 – 14 and hence, the respondents could have taken steps to comply with the same.

15. When the Commission took up the matter for hearing, the petitioner had filed an interlocutory application in I. A. No. 23 of 2015 and stated that the title to the case requires to be changed to bring the present petition within the jurisdiction of the Commission.

- 16. The respondents has filed additional counter affidavit and stated as follows.
 - a) The Commission may take into cognizance that there is no dispute subsisting between the petitioner & respondents (DISCOMS) to be adjudicated under section 86 (1) (f) of Electricity Act, 2003, as no PPA is subsisting, which is pre-requisite for adjudication.
 - b) The Commission may dismiss the petition on the grounds of the petition as public interest litigation as the petitioner neither furnished documentary evidence proving the petitioner company as an association of RE generators engaged in REC mechanism nor any board resolution / power of attorney to file the petition nor the Certificates of Incorporation by individual mechanism nor any Board resolution / power of attorney to tile the petition nor the Certificates of Incorporation by individual companies electing the petition company as an association under prevailing Companies Act.
 - c) The Commission may issue a fresh regulation on RPPO duly specifying the percentage of RE energy to be purchased, duly considering the

available NCE capacity against the potential existing in the State and also taking into the fact that the 515 MW (approx) wind power has been transferred to Anantapur and Kurnool Districts of A.P.

d) The Commission, while issuing fresh RPPO regulation, may consider to make the obligation by distribution licensees with prospective effect.

17. The petitioner has filed a rejoinder to the additional counter and stated as follows.

- At the outset the petitioner denies all the contentions made therein in seriatim. With respect to para 1 of the counter affidavit the petitioner submits that as it is a matter of fact it merits no reply.
- With respect to para 2 of the counter affidavit the petitioner states that under the circular dated March 4, 2015 by the Commission the jurisdiction of certain utilities has been shifted to the Telangana State. Therefore, even if the formation of the Telangana State was during March 4, 2015 the Discoms were always present and are now just transferred from one state to other. Therefore, pursuant to formation of this Commission the petitioner's prayers seeking orders on RPO compliance for the periods FY 2012 2013, FY 2013 2014, FY 2014 2015 for entities situate in State of Telangana is not beyond the jurisdiction of the Commission.
- iii) With respect to para 3 of the counter affidavit, the petitioner submits that due to the petitioner's members being a generating companies within the purview of the EA, 2003, the petitioner states that it is empowered to bring such an action vide the subject petition under Regulation 9 of the Regulation 1 of 2012. Moreover, as held by the order dated April 25, 2014 in Appeal No. 24 of 2013, the Hon'ble APTEL, the proposal for procurement of RE should be submitted by Discoms as a part of tariff petitions. If the distribution licensee is not able to the up procurement of REC in advance. Further, the Hon'ble APTEL has directed that after the completion of the financial year the State Commission may review the performance of the distribution licensees in respect of RPO and give

directions as per the Regulations. Suggestions and objections of the public should be invited in the review proceedings.

- iv) The respondents Nos. 1 and 2 in the counter affidavit are trying to mislead the Commission that the petition filed by the petitioner is in the nature of a public interest litigation and that the Commission is not empowered to entertain the said petition. It is submitted that such a contention of the respondent Nos. 1 and 2 is egregious and is denied herein. The petitioner has not approached the Commission in the guise of a public interest litigation, the Commission is empowered to hear on and receive information and submissions with respect to the compliance of the renewable power purchase obligations ("RPPO") of the obligated entities within its jurisdiction and to levy such penalty deemed necessary in its discretion under the renewable power purchase obligation (compliance by purchase of renewable energy / renewable energy certificates) Regulations 2012 ("RPPO Regulations"). As a generating company and association of the companies involved in the generation of the electricity from solar energy source, the petitioner is within the four corners of the law to seek this action. To accuse the petitioner to be motivated to file this petition for premium price of their RECs is again farfetched and egregious.
- v) It is submitted that vide the order dated April 20, 2015 in O. P. No. 1 of 2013 and I.A. No. 291 & I.A. No. 420 of 2013, O.P. No. 2 of 2013 & O.P. No. 4 of 2013 of Indian Wind Energy Association ("IWPA") & Ors v/s Andhra Pradesh Electricity Regulatory Commission ("APERC") & Ors and Wind Independent Power Producers Association ("WIPPA") & Ors v/s Central Electricity Regulatory Commission ("CERC") & Ors and Himalaya Power Producers Association ("HPPA") & Ors v/s Andhra Pradesh Electricity Regulatory Commission & Ors, the petitioners were seeking certain directions from the Hon'ble APTEL under Section 121 of the EA, 2003 regarding compliance of RPO by the distribution licensees and other obligated entities as specified by the State Electricity Regulatory Commissions. The Hon'ble APTEL for the issue regarding maintainability which was raised by some State Commissions stating that the petitioners are not

the affected parties. The Hon'ble APTEL relying on the judgement dated April 25, 2014 in Appeal No. 24 of 2013 and Appeal No. 148 of 2010 that the Appeal filed by registered associations of the generators / developers was maintainable and also that the petitions filed by the appellant associations, as an aggrieved person, are maintainable. Further, the Hon'ble APTEL deemed appropriate to give directions to the State / Joint Commissions with regard to implementation of renewable energy Regulations in their respective States. The Hon'bel APEL after considering the contentions of the petitioners and the State / Joint Commissions, Central Commission and Ministry of New and Renewable Energy ("MNRE") gave the following directions to the State / Joint Commissions under Section 121 of the EA, 2003.

- a) The State Commission shall decide the RPO targets before the commencement of the multi year tariff period to give adequate time to the distribution licensees to plan and arrange procurement of renewable energy sources and enterinto PPAs with the renewable energy project developers. The preferential tariff for procurement of renewable energy by the distribution licensee for a financial year should also be in place before the commencement of the financial year and no vacuum should be left between the end of control period for the previous tariff and the beginning of control period of the new tariff.
- b) The State Commissions shall obtain proposal with supporting documents for renewable energy procurement by the distribution licensee as part of the tariff petition for the ensuing year / annual performance review for the current year as per the RPO regulations. The State Commission may give necessary directions with regard to RPO after considering the suggestions and objections of the stakeholders. If the distribution licensee is not able to tie up procurement of renewable energy to meet the RPO target as per the provisions of the regulations. Advance planning of REC purchase will give opportunity to the distribution licensees / other obligated entities to purchase REC when the market conditions are more favourable to them.

- c) The monitoring of compliance of the RPO should be carried out periodically as provided for in the regulations. After the completion of the financial year the State Commission may review the performance of the distribution licensees in respect of RPO and give directions as per the regulations. Suggestions and objections of the public shall be invited in the review proceedings and decisions taken after considering the suggestions / objections, as per law.
- d) The State Commission shall give directions regarding, carry forward / review in RPO and consequential order for default of the distribution licensees / other obligated entities as per the RPO regulations. If the regulations recognize REC mechanism as a valid instrument to fulfill the RPO, the carry forward / review should be allowed strictly as per the provisions of the regulations keeping in view of availability of REC. In this regard the findings of this Tribunal in Appeal No. 258 of 2013 and 21 of 2014 may be referred to which have been given with regard to RE Regulations of Gujarat Commission but the principles would apply in rem. In case of default in fulfilling of RPO by obligated entity, the penal provision as provided for in the regulations should be exercised.
- e) The State Commissions are bound by their own regulations and they must act strictly in terms of their regulations.
- f) The provisions in regulations like power to relax and power to remove difficulty should be exercised judiciously under the exceptional circumstances, as per law and should not be used routinely to defeat the object and purpose of the regulations."
- vi) It is submitted that from the prayer and the submissions in the petition that the petitioner is merely seeking the compliance of the RPPOs for FY 2012 13, FY 2013 14 and FY 2014 2015 by respondent Nos. 1 and 2 who are obligated entities under the RPPO Regulations of this Commission. It is further submitted that while procuring the RECs from the exchange the respondent Nos. 1 and 2 would not be making any specific contribution to the RECs of the petitioner or their members. The RECs are purchased across the board and further the price of the RECs

are also uniform across the board, thereby the petitioner having no influence on the same. The RPPO regulations also recognizes RECs as a means to comply with the RPPO under regulation 3.1 thereof. Further as a consequence of default, the penalty amount deposited in the funds under first proviso regulation 7.1 of RPPO regulations. The non-compliance of RPPOs by the obligated entities is a default under the applicable law and liable for levy of penalty as specified in the RPPO regulation. The RECs are calculated in the revenues of the generators and are also valid instruments for compliance of REC. Any waiver of RPPO may lead lapse of the RECs and this would both impair the incentivized generators as well as impair the REC mechanism. Thus, to seek the compliance from the respondents under this subject petition is not a foreign contention.

vii) With reference to para 4, the petitioner again repeats and reiterates that the respondent Nos. 1 and 2 have refrained from submitting any concrete data that may ascertain the exact extent of compliance or non-compliance as the case may be in case of each utilities. Out of the mere 5% of the RPPO consumption of a DISCOM, they have to procure only 0.25% as pointed out by the respondent Nos. 1 and 2. It is further submitted that the justification of the respondents of having invited bids is irrelevant for the present proceedings. The claim that the respondents shall be able to meet it RPO for the FY 2016 – 17 clearly smack of their intention to not comply RPO for current year as well as for FY 2012 – 13, 2013 – 14 and 2014 – 15. The petitioner submits that the respondents only contention has been to avoid compliance of RPPO.

18. The respondents 1 to 3 have filed an additional counter affidavit subsequent to the reserving of the matter opposing the claim of the petitioner. It is stated that the petitioner is seeking RPPO compliance for the years 2012 - 2013, 2013-2014 and 2014 - 2015. Since this Commission has been established in November, 2014 as per A P Reorganization Act, 2014, the relief claimed by the petitioner is prior to the formation of this Commission and seeking orders of RPPO compliance for aforesaid period is beyond the jurisdiction, excluding the period of November, 2014 to this date.

19. The respondents stated that petitioner claims to be an Association of Generators, would not fall within the meaning of generators as per Sec.2 (28) of the Act and deceiving this Hon'ble Commission and misconceived on this aspect and claims otherwise than what is stated in the Act 2003. The definition of "Generating Company" as per Sec 2 (28) of the Act, 2003 is reproduced below:

"Generating Company' means any company or body corporate or association or body of individuals, whether incorporated or not, or artificial juridical person which owns or operates or maintains a generating station."

20. The respondent stated that the petitioner is taking safe heaven under the above definition claiming that the petitioners association is also a generating company whether it is incorporated or not. But the words, "whether incorporated or not" are applicable only to the "body of individuals" and cannot be made applicable to the association. Alternatively, the words, "whether incorporated or not" exclusively meant for "body of individuals". Therefore, on this ground, the petitioner shall be non-suited to file a petition in accordance with the provisions of Sec 86 (1) (f).

21. The respondents have also stated that the Memorandum of Articles which are annexed with the rejoinder clearly reveals that the petitioners association is an NGO organization engaged in education to the orphanage, encouragement of pollution control methods, garbage disposal, carbon emission control, usage of eco-friendly goods etc., besides encouragement and assistance to promote green energy technologies. Hence, the filing of the petition r/w the provisions of Memorandum of Articles indicate that the petition is a Public Interest Litigation. Nowhere, it has been mentioned in any of the provisions of Memorandum of Articles that the petitioner association is engaged in the business of renewable energy certificate (REC mechanism).

22. The respondents stated that TSDISCOMS in the state of Telangana i.e., TSSPDCL and TSNPDCL have initiated steps to purchase renewable energy from solar power developers under competitive bidding route (solar bid, 2013 for 1,000 MW in the combined state. Solar bid, 2014 for 500 MW and solar bid, 2015 for 2,000 MW), besides high cost power from GBI scheme, NVVNL scheme etc. The solar project capacity addition to the grid for solar bid, 2013 to the extent capacity in Telangana state and capacity addition, as allocated under solar bid, 2014 is being established

very rapidly and entire capacity of 796 MW (solar bid, 2013 – 281 MW and solar bid 2014 – 515 MW) would be commissioned by 31.03.2016 as per the time lines extended by the Government of Telangana state. The TSSPDCL during the year 2015 had initiated the process of procuring of 2,000 MW of solar power on behalf of TSDISCOMs. The Government of Telangana has accorded its approval for procurement of 2000 MW solar power under two categories i.e. Group-I at 33 KV level of evacuation and Group-II under EHT level of evacuation by fixing the ceiling price for each of the levels. Accordingly, letter of intent has been issued to the bidders who participated under bid, 2015 for purchase of 2,000 MW for both the Discoms in the state of Telangana.

23. The respondents stated that petition is liable to be dismissed as Public Interest Litigation is not maintainable before this Commission. Notwithstanding the above, the State of Telangana has a potential of 4,000 MW of wind generation of which proposals for 1073 MW have been made and capacity of 600 MW has been cleared with necessary feasibility reports. It is also appropriate to state that the Government of Telangana is in the process of issuing wind power policy to harness the wind potential. The state itself had 570 MW available prior to formation of state of Telangana of which 515 MW is available with agreements entered with then APCPDCL. The details are shown in the affidavit. The Government of Telangana is also encouraging municipal solid waste projects therefore the TSDISCOMs will meet the RPO obligation in the coming years.

24. The petitioner has filed additional rejoinder and briefly reiterated the contentions and averments raised earlier in various filings.

25. We have heard the learned counsel for the petitioner and the learned Standing counsel for the respondents. We have also perused the material available on record. The counsel for the petitioner as well as the counsel for the respondent have reiterated the submissions made in the pleadings and prayed that the commission may consider and pass appropriate orders in the interest of parties.

26. The interlocutory application is considered by the Commission and in view of non opposition of the same, it is allowed.

27. It has been firstly contended by the respondents by raising a preliminary objection that the petition is not maintainable under law. The petitioner is an association of generators whether it is incorporated or not. But the words, "whether incorporated or not" are applicable only to the body of individuals and cannot be made applicable to the association. Alternatively, the words, "whether incorporated or not" exclusively meant for the body of individuals. Therefore, the present petition is liable to be rejected on this sole ground itself.

28. On the contrary, the petitioner's association contended that the petitioner satisfies the definition of "generating companies". It is their case that the Hon'ble Appellate Tribunal for Electricity (ATE) in Appeal No. 24 / 2013 and I. A. No. 39 / 2013 dated 25.04.2014 has held that the Association is an aggrieved person and is entitled to maintain a petition before the Commission. For this reason, the stand taken by the respondents is liable to be rejected.

29. We have perused the order passed by the ATE in Appeal No. 24 / 2013 and I. A. 39 / 2013 dated 25.04.2014 in relation to the petitioner's *'locus – standi'*. The relevant portion of the order of ATE is extracted below which reads as follows:

"13. According to Sec.111 of Electricity Act, 2003, any person aggrieved by an order made by an adjudicating officer under this Act (except under Sec.127) or an order made by the appropriate Commission under this Act may prefer an appeal to the Appellate Tribunal for Electricity. Sec.2 (49) defines "person" to include any company or body incorporate or association or body of individuals, whether incorporated or not or artificial juridical person.

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15. This issue has already been dealt with by this Tribunal in the Judgment dt. 5.4.2011 in Appeal No.148 of 2010 in the matter of South India Sugar Mills Association (Karnataka) vs. Karnataka Power Transmission Corporation Limited and Ors. As under:

"24. The first objection of the Respondent No.1 to 6 that the appeal is not maintainable on the ground of it not having been preferred by any individual and the association of sugar factories does not have locusstandi to prefer the appeal against the order for determination of tariff for the co-generation units attached to those factories is itself not maintainable in view of the fact that the appellant undisputedly is a society registered under the Karnataka Societies Registration Act and an incorporeal body having capacity to sue and be sued. As we find from Annexure B, C, & D of the Memorandum of Appeal, the association has 30 members having sugar mills in Karnataka, and the sugar factories with co-generation units in Karnataka are 34 in numbers. In terms of the resolution of Committee, the Secretary of the Association has been duly authorized to present this appeal. The appeal has been preferred thus by a registered body in its representative capacity to urge therein common view points. It is not an unregistered body, not are the members obscure and uncertain. The objection is thus repelled."

16. The findings of the Tribunal in the above judgment will apply to the present case also. The appellant is a registered organization. The appellant has also filed the supporting documents regarding its registration, list of members, including those operations in Gujarat who are aggrieved by the impugned order. Accordingly, we hold that the appeal filed by the appellant association, as an aggrieved person is maintainable."

30. It is necessary to note the fact that the Hon'ble ATE had reiterated the aspect of '*locus standi*' of associations and body of individuals in the latest judgments also as has been extracted above and cited by the petitioner. For the reasons stated above and in view of the aforesaid decision of the ATE, we are not inclined to accept the contention of TSDISCOM on the question of maintainability of the petition raised by the respondents and hold that the petition is maintainable.

31. The next point that requires our consideration is that of compliance of renewable purchase obligations (RPO) for the financial year 2012 - 2013, 2013 - 2014 and 2014 - 2015 by the obligatory entities. It is seen that the erstwhile Commission though it published Regulation 1 of 2012 on 21.03.2012, since by that time the aggregate revenue requirement has already been filed and Commission has finalized the aggregate revenue requirement (ARR) for FY 2012 - 2013 and tariff determination was in the process, the tariff order which was ultimately issued on 30.03.2012. No provision had made in the tariff order for FY 2012 – 2013 compliance of the REC mechanism. In respect of the FY 2013-2014 though provision is made in the tariff

order, yet the DISCOMs did not chose to place before the Commission as to whether it did comply such an order. In so for as the year 2014 - 2015 is concerned, the distribution companies were not in a position to procure RECs for the shortfall of renewable energy procurement as there was no tariff order despite filing of ARR before erstwhile APERC, as it culminated with bifurcation of the erstwhile state of Andhra Pradesh and consequential non passing of tariff order by the erstwhile APERC and which was dependent on evacuation of NCE sources especially wind projects which were in Ananthapur District of erstwhile state of Andhra Pradesh and earlier had agreement with APCPDCL and supply was made to it only. Subsequently the said projects stood allotted to APSPDCL in view of bifurcation of the state of AP and implementation of AP Reorganisation Act, 2014. The TSERC which came into existence in the later part of FY 2014 – 2015 did not insist on drawal of energy.

32. In its order dated 27.03.2015, this Commission has noted that the capacities relating RE generation to which the Telangana State is entitled to has to be taken into consideration. Accordingly, no allocation of amount was made in the tariff order 2015 - 2016 expecting that the capacities in proportion to the entitlement under the A P Reorgansation Act, 2014 will be dispatched to the Telangana state. Thus in the absence of the allocation power generated to the Telangana State, it is for the DISCOMS(s) to satisfy this Commission on compliance of the RPO. In these circumstances the petitioner has not made out any case for consideration by this Commission.

33. It is also appropriate to state that the Telangana State has been carved out from the erstwhile combined state of Andhra Pradesh w.e.f. 02.06.2014 and separate Commission came into existence on 03.11.2014 by virtue of clause 3 (c) of the schedule 12 of AP Reorganisation Act, 2014. Thus, this Commission could not insist the distribution companies in the state of Telangana to comply with the RPP obligation in view of the subsisting dispute regarding sharing of renewable sources of energy which were originally allotted to Telangana Discom in combined state, but their location stood in the present residuary state of Andhra Pradesh.

34. It is not out of place to mention that this Commission has been endeavoring to promote green energy and in that process only had allowed the licensees to procure 2500 MW of solar energy apart from existing agreements consented by erstwhile

Commission. Without complete details the petitioner cannot allege that there is noncompliance of the regulation No. 1 of 2012.

35. In this regard our attention is drawn to the contents of the counter affidavit, wherein it is seen that during the year 2015 TSSPDCL had initiated the process of purchase of 2000 MW of power for both TSSPDCL and TSNPDCL in the state. The Government of Telangana has accorded approval to purchase 2000 MW solar power under Group-I at 33 KV level of evacuation and Group II under EHT level of evacuation, for which ceiling price is specified as under:

Category	Price approved (Rs/KWH)	Capacity (MW)	Voltage level of evacuation	Tentative COD
Group-1	5.7249	494	33 KV	FY 2016 - 17
Group-2	5.5949	1555	EHT level	
Total Capacity envisaged (MW)		2000 MW		
		(Overall)		

Further, the counter affidavit also highlighted the fact that letters of intent have been issued to the bidders who participated in the bid 2015 for purchase of 2000 MW for both DISCOMs in the State of Telangana.

36. We also notice that the Hon'ble ATE in its orders dated 20.04.2015 gave certain directions regarding implementation of the RPPO. However, though, reliance is placed by the petitioner on the said observations, the same are not supported by proper statistically tabulated data. In the absence of the data from either side it is highly impossible for the Commission to come to a conclusion that there is violation of its regulation in the form of non-compliance of the required capacity procurement of RE generation. We are constrained to initiate any action in view of the above reason. Furthermore in absence of the data there cannot be any estimation as to the quantum of RECs required to be acquired by the licensee and as such the amount required for such procurement has to be factored into the ARR of the licensees and consequently passed on to the end consumer. Thus the relief sought by the petitioner cannot be agreed to.

37. Assuming that the data is available, the additional cost that may be incurred will have to be passed on to the end consumer. For that purpose, the Commission is required to hold public hearing on the petition filed by the petitioner. However, the

petitioner has not filed the present petition invoking the provisions regarding public hearing. Therefore also without hearing the stakeholders, the Commission cannot constrain itself to give relief to the petitioner.

38. In view of this, we are of the opinion that there is sufficient compliance of renewable purchase obligation by the obligatory entities. Considering the above stated discussions and the fact available before the Commission, the Commission is not inclined to grant any relief to the petitioner in this case. Accordingly the present petition is rejected.

39. Before parting with the case, we notice from the counter affidavit and also take judicial notice of the fact that the government of Telangana state is in the process of formulating its wind power policy on the lines of solar power policy issued by it in the year 2015 so as to harness the huge potential of wind generation. The petition is accordingly, disposed of.

This order is corrected and signed on this 26th day of April, 2016Sd/-Sd/-Sd/-Sd/-(L. MANOHAR REDDY)(H. SRINIVASULU)MEMBERMEMBERCHAIRMAN

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