

**Chhattisgarh State Electricity Regulatory Commission**  
**Irrigation Colony, Shanti Nagar, Raipur**

Raipur, Dated February 26, 2021

**Explanatory Memorandum for proposed draft of the Chhattisgarh State Electricity Regulatory Commission (Renewable Purchase Obligation, its compliance and Renewable Energy Certificate framework Implementation) Regulations, 2021**

The Electricity Act 2003 (the Act) mandates for policy formulation by the Government of India (GoI) and State Electricity Regulatory Commissions (SERCs) for State to take steps to promote renewable sources of energy within their area of jurisdiction. Some of the sections of the Act which gives thrust to the promotion of renewable energy sources are as follows;

**a. Section 86(1) (e) of the Act, 2003 :**

*"Promote Co-generation and generation from Renewable sources of energy by providing suitable measures for connectivity to Grid and sale of electricity to any person, and also specifies, for purchase of electricity from such sources, a percentage of total consumption of electricity in the area of distribution licensee."*

**b. Section 66 of the Act, 2003:**

*"The Appropriate Commission shall endeavor to promote the development of a market (including trading) in power in such manner as may be specified and shall be guided by the National Electricity Policy."*

2. The Tariff Policy 2016 notified by the Central Government further entrust SERCs to fix a minimum percentage for purchase of energy from such sources taking into account availability of such sources in the region and its impact on retail tariffs. Further it prescribes that solar power consumption to reach to the level of 8% of total consumption, by March 2022 or as notified by Central Government.

Accordingly, Government of India (GoI) is giving thrust to develop renewable source of energy with a defined target of 175 GW of renewable energy by 2022.

3. Ministry of Power (MoP), GoI, vide office memorandum 15/02/2016 dated 08/03/2019, has issued measures to promote hydro power sector, wherein large hydro projects including pumped storage projects having capacity more than 25 MW which came into commercial operation after 08/03/2019 were declared renewable energy source. Also provision for Hydro Purchase Obligation (HPO) as a separate entity within non-solar renewable purchase obligation was specified. Further, MoP vide order 23/03/2016-R&R dated 29/01/2021 in super-session of the orders dated 22/07/2016 and 14/06/2018 specified following RPO Trajectory-

Year	Solar RPO	Non-Solar RPO			Total RPO
		HPO	Other Non-Solar RPO	Total Non-Solar RPO	
2019-20	7.25%	-	10.25%	10.25%	17.50%
2020-21	8.75%	-	10.25%	10.25%	19.00%
2021-22	10.50%	0.18%	10.50%	10.68%	21.18%
2022-23	To be specified later	0.35%	To be specified later	To be specified later	To be specified later
2023-24		0.66%			
2024-25		1.08%			
2025-26		1.48%			
2026-27		1.80%			
2027-28		2.15%			

Year	Solar RPO	Non-Solar RPO			Total RPO
		HPO	Other Non-Solar RPO	Total Non-Solar RPO	
2028-29		2.51%			
2029-30		2.82%			

4. Ministry of New and Renewable Energy (MNRE), in its letter dated January 4, 2021 to the Commission, has requested to align RPO trajectory with Government of India's trajectory.
5. The Commission, in exercise of the power vested to it under section 86(1)(e) of the Act, 2003 read with section 181 of the Act, has already specified RPO trajectory by notifying Chhattisgarh State Electricity Regulatory Commission (Renewable Purchase Obligation and Renewable Energy Certificate framework Implementation) Regulations, 2016 (RPO-REC Regulations 2016) , for the period 2016-2021. As the operative period of these Regulations ends on 31<sup>st</sup> March, 2021, the Commission now propose a new Regulations for implementation of REC framework and RPO for an operating period of five years from FY 2021-22 to FY 2025-26.
6. The new RPO-REC Regulations are based substantially on the line of RPO-REC Regulations 2016 but with certain following important modifications to comply the national renewable energy targets.

#### **A. Provision for separate Hydro Purchase Obligation (HPO)**

In Order to give effect to MoP office memorandum dated 08/03/2019 and subsequent Order dated 29/01/2021, definition of large hydro plant (LHP) and hydro purchase obligation (HPO) as follows as been added and provision of separate HPO has been specified.

**"Large Hydro Plant (LHP)"** means hydel power station with an installed capacity above 25 MW, which came into commercial operation after 08.03.2019;

**"Hydro Purchase Obligation (HPO)"** means obligation to procure power from existing small hydel plant and large hydropower projects;

**B. RPO for new Control Period (FY 2021-22 to FY 2025-26)**

Based on previous RPO and development in national perspective and guidelines issued by MoP GoI, the Commission proposes RPO trajectory as follows;

Year	Solar	Non-Solar		Total
<b>Existing</b>				
2016-17	1.5%	6.5%		8.0%
2017-18	2.0%	7.0%		9.0%
2018-19	3.5%	7.5%		11.0%
2019-20	5.0%	8.0%		13.0%
2020-21	6.5%	8.5%		15.0%
<b>Proposed</b>				
Year	Solar	Non-Solar		Total
		HPO	Others	
2021-22	10.50%	0.18%	10.50%	21.18%
2022-23	As specified by Central Government from time to time	0.35%	As specified by Central Government from time to time	
2023-24		0.66%		
2024-25		1.08%		
2025-26		1.48%		