

Renewable Energy Certificates

REC is a market based instrument which provides evidence that a generator has produced a certain quantum of power from a RE resource which has been consumed and reflects the environmental attributes of the source of generation. It can be traded in the market to allow entities to meet their Renewable Purchase Obligations.

The Central Electricity Regulatory Commission (CERC) issued the CERC (Terms & Conditions for recognition and issuance of Renewable Certificate for Renewable Energy Generation) Regulations 2010 and designated the National Despatch Load Centre (NLDC) as Central Agency. National Load Despatch Centre shall issue REC in electronic form to Generator based on the Energy Injection Report prepared by SLDC. The validity of REC shall be 365 days from the date of issue. Two type of REC – Solar and Non-solar-can be issued. Transaction of REC shall take place at Power Exchanges.

Through the said Regulation, trading of energy in form of RECs has been allowed. The salient features of the trading procedure are as under:-

- 1 MWh is equivalent to one REC.
- Floor Price of Non-solar RECs is Rs. 1,500/- per REC whereas the Forbearance Price is Rs. 3,900/- per REC
- Procedures for Accreditation, Registration and Issuance, have been approved by CERC
- Obligated Entities to buy RECs are the distribution companies, open access consumers and industries consuming captive power

A Generating company is eligible for obtaining accreditation from the State Agency if:

- It does not have any PPA at a preferential tariff.
- Sells to distribution licensee in Tamil Nadu at a price not exceeding the pooled cost of power purchase.
- Sells to open access consumer at mutually agreed price.
- Sells through power exchange at market determined price.