

## PUNJAB STATE ELECTRICITY REGULATORY COMMISSION

“Draft Punjab State Electricity Regulatory Commission (Renewable Purchase Obligation and its compliance) Regulations, 2022”

### EXPLANATORY MEMORANDUM

1. The Electricity Act, 2003 (Act), under Section 86(1) (e) mandates that the Commission in discharge of its functions shall promote co-generation and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of distribution licensee. Further, Clause 6.4(1) of the Tariff Policy, 2016 notified by the Central Government in exercise of the powers conferred under section 3(3) of the Act, states as under:

*“Pursuant to provisions of section 86(1)(e) of the Act, the Appropriate Commission shall fix a minimum percentage of the total consumption of electricity in the area of a distribution licensee for purchase of energy from renewable energy sources, taking into account availability of such resources and its impact on retail tariffs. Cost of purchase of renewable energy shall be taken into account while determining tariff by SERCs. Long term growth trajectory of Renewable Purchase Obligations (RPOs) will be prescribed by the Ministry of Power in consultation with MNRE. ..”*

And, Section 181 (1) of the Act provides that the State Commissions may, by notification, make Regulations consistent with this Act and the Rules generally to carry out the provisions of this Act. Accordingly, in exercise of powers conferred by Sections 86(1)(e) and 181 of the Act, 2003 and all other powers enabling it in this behalf, the Punjab State Electricity Regulatory Commission issued the PSERC (Renewable Purchase Obligation and its compliance) Regulations, 2011 vide notification No. PSERC/ Secy. /Reg./55 dated 03.06.2011. Thereafter, three amendments to the same have been also issued vide notifications dated 06.05.2015, 02.01.2019 and 26.03.2021. In the said Regulations read with the amendments, RPO were fixed for the years till FY 2022-23.

2. Now, Ministry of Power (MoP), Government of India vide Order dated 22.07.2022 has prescribed the Long term growth trajectory of Renewable Purchase Obligations (RPOs) and Energy Storage Obligation (ESO) for the period from FY 2022-23 to FY 2029-30 as under:

FY	Wind RPO	HPO	Other RPO	Total RPO	ESO
2022-23	0.81%	0.35%	23.44%	24.67%	-
2023-24	1.60%	0.66%	24.81%	27.08%	1.00%
2024-25	2.46%	1.08%	26.37%	29.91%	1.50%
2025-26	3.36%	1.48%	28.17%	33.01%	2.00%
2026-27	4.29%	1.80%	29.86%	35.95%	2.50%
2027-28	5.23%	2.15%	31.43%	38.81%	3.00%
2028-29	6.16%	2.51%	32.69%	41.36%	3.50%
2029-30	6.94%	2.82%	33.57%	43.33%	4.00%

3. Further, MoP has recently notified Electricity (Promoting Renewable Energy through Green Energy Open Access) Rules, 2022 to further promote the green energy. The Rules also specifies methods of meeting the RPO requirement by the entities. Wherein, it has been provided that an obligated entity may requisition renewable energy from distribution licensee and/or procure green hydrogen/ammonia in addition to the already existing methods of meeting the RPO requirement through own/captive generation, Open Access and RECs. The said rules also provides for introduction of issuance of green certificate to the consumers for the green energy supplied by the licensee beyond the RPO of the consumers and the concept of rating of the consumer of the distribution licensee, based on the percent of green energy purchased by such consumer.
4. Also, the State Agency “PEDA” mandated to monitor the RPO compliance by the obligated entities and to suggest appropriate action to the Commission if required for compliance of the RPO under the Regulations has requested the Commission to make suitable provisions for imposing penalty for non-submission of the data/non-compliance of the mandated RPOs, as it is not feasible to proceed against every non-compliance through petitions.
5. In view of the above, the Commission intends to frame the Punjab State Electricity Regulatory Commission (Renewable Purchase Obligation and its compliance) Regulations, 2022 by repealing the existing Punjab State Electricity Regulatory Commission (Renewable Purchase Obligation and its compliance) Regulations, 2011 along with its amendments. Draft notification of Regulations is enclosed as **Annexure-A** for seeking the suggestions/objections on the same from all the stakeholders, under Sub-section (3) of Section 181 of the Electricity Act, 2003 read with Rule 3 of the Electricity (Procedure for Previous Publication) Rules, 2005.