

BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION
No. 16 C-1, Miller Tank Bed Area, Vasanth Nagar, Bengaluru- 560 052

Dated : 13th June, 2019

Present:

| | | |
|--------------------------|----|----------|
| Shri Shambhu Dayal Meena | .. | Chairman |
| Shri H.M. Manjunatha | .. | Member |
| Shri M.D. Ravi | .. | Member |

No: Y/02/16/Vol-II

**In the matter of RPO Compliance for FY16 by:
A One Steel and Alloys Private Limited,
Plot No. IP 62 & 63, Road No.3,
KIADB I.E. Area, Gowribidanur – 561 208**

ORDERS

Preamble:

1. Whereas the Nodal Agency, SLDC, submitted the Renewable Purchase Obligation (RPO) compliance report for 2015-16 on 15.06.2017 for Open Access consumers. It was noted that, A One Steel and Alloys Private Limited (hereinafter referred to as 'the Company'), had purchased 31460.13 MWh of energy under Open Access and as per the Regulations had to comply with RPO to an extent of 5% of the above energy purchased. Thus, it had to meet the RPO to an extent of 1573.01MU. Thus as per the Regulation, the Company had to meet 1730.31 MWh (110% of shortage). However, as reported by SLDC, the Company had not complied with the RPO. As such the Commission issued a notice on 02.08.2017 to Show cause as to why action under Section 142 of the Electricity Act, 2003 should not be initiated against the Company

for the non-compliance and the Company was directed to submit the reply on or before 16.08.2017.

2. Whereas, the Company submitting its reply on 30.08.2017, informed that, on 29.04.2015, it has purchased 820 numbers of RECs through Power Exchange India Limited and had enclosed the copy of the Certificate bearing serial number: PXI/29042015/NS/00034 and requested the Commission to drop the further proceedings stating that, it had fulfilled the RPO on time. Further, on 31.08.2017, the Company submitted that, it had purchased 700 MWh of energy from Mac Charles (1) Limited and was unable to meet the balance 873.01 RECs due to lack of proper knowledge and requested the Commission to grant time up to 30.09.2017, so that it would purchase 960 RECs (110% of 873.01 MWh) and an under taking was also given in this regard. The Commission observed that, even after considering 700 MWh of energy purchased, there would be shortfall to an extent of 53.01 MWh without considering penalty and therefore, there is non-compliance in meeting the RPO to the extent mentioned above. The Commission decided to issue one more show cause notice and as such a notice was issued to the Company on 17.10.2017, calling for explanation as to why penalty should not be levied under Section, 142 of the Electricity Act, 2003, for non-compliance of RPO to an extent of 58.311 MWh (110% of shortage of 53.01 MWh).
3. Whereas, the Company vide its reply dated, 04.11.2017 and 16.11.2017, submitted that, it has purchased 960 RECs on 27.09.2017 to meet the short fall in RPO including the 10% penalty and had also submitted the copy of the Certificate. In view of the above, the Company requested the Commission to drop the further proceedings, as the obligation along with penalty of 10% is met.

4. Whereas, the Commission observed on 19.12.2017 that, the Company in reply dated, 16.11.2017 had not referred to the 820 RECs purchased in April, 2015 and further, had requested to consider the RECs purchased in September, 2017, to meet the shortfall of 960.31 MWh as computed by the Company. However, as per the Regulations, the RPO has to be met by the end of May, 2016, failing which 110% of the quantum of shortfall has to be met by purchase of RECs by end of June, 2016 and if the same is not complied with, it amounts to non-compliance. In this regard, it was observed that, the penalty to be imposed in a proceeding under Section 142 of the Act, depends on the facts of each case. The late compliance of RPO, though technically amounts to non-compliance of RPO, may be excused, by not imposing any penalty or not initiating proceedings under Section,142, if the grounds stated for late compliance can be reasonably accepted. As such, the Commission issued another notice on 16.01.2018, stating that the RECs purchased in September, 2017 cannot be considered for meeting the shortfall in RPO. Hence, the Commission gave an opportunity to the Company to explain the reasons for not complying with the RPO for FY 16, before initiating action under Section 142 of the Electricity Act, 2003 and directed the Managing Director of the Company or his / her nominee to appear before the Commission on 01.02.2018.
5. Whereas, on 01.02.2018 Sri Sridhar Prabhu, Advocate of Navayana Law Offices, undertook to appear for the Company and sought time up to 15.03.2018. Subsequently, on the request of the counsel for the Company, the time was extended to 12.04.2018, 05.06.2018, 21.06.2018, 03.07.2018, 31.07.2018, 04.09.2018 and 25.09.2018. On 25.09.2018, the counsel for the Company sought leave to withdraw his submission that he would appear in the case. As such notice was issued to the Company to submit the compliance on 11.10.2018. As none appeared for the Company, one more notice was issued to appear on 20.11.2018. Again, none appeared for the

Company and notice was reissued to appear before the Commission on 18.12.2018. On 18.12.2018, Navayana Law Offices undertook to appear on behalf of the Company and also filed the vakalath and sought time up to 31.01.2019. On 31.01.2019, the advocate of the Company submitted the RPO compliance report.

6. Whereas, the Company has submitted that, the shortfall is 873.01MWh and requested the Commission, to set off the above shortfall against the 960 RECs purchased on 27.09.2017. The Commission notes that, 820 Non-Solar RECs purchased on 29.04.2015, has been set-off against the 819 MWh shortfall in RPO of FY15 and hence cannot be considered for compliance of FY16. Further, the Company during March, 2016 has purchased 700MWh of Wind energy from Mac Charles (India Limited). Thus, the Company during the year FY16, has purchased 700 MWh of Renewable Energy against the target of 1573.01MWh. Thus, there is a shortfall in meeting the RPO to an extent of 873.01MWh. Hence, as per the Regulations, the Company has to meet 960.31MWh (110% of the shortfall). The Company has purchased 960 RECs in September,2017 and has requested the Commission to set off the shortfall against 960 RECs purchased in september,2017.
7. On verification of various documents submitted by the Company, the Commission notes that the Company had to meet the RPO to an extent of 1573.01 MWh within the time specified in the Regulations and had met RPO to an extent of only 700 MWh by purchase of renewable energy within the stipulated time. Whereas, to meet the balance RPO of 960.31 MWh (110% of shortage), the Company has purchased 960 Non-solar RECs bearing No.IEX_0000960 dated 27.09.2017. The fractional part of RPO to an extent 0.31 MWh may be carried forward. Eventhough, the Company had to comply RPO within June, 2016, the Company has shown intent to meet the RPO by purchasing 960 RECs in September, 2017.

8. For the foregoing reasons, we pass the following:

ORDER

The Commission notes that the Company had to meet the RPO to an extent of 1573.01 MWh and had met RPO to an extent of only 700 MWh by purchasing renewable energy within the stipulated time. Whereas, to meet the balance RPO of 960.31 MWh (110% of shortage), the Company has purchased 960 Non-solar RECs bearing No.IEX_0000960 dated 27.09.2017. Eventhough, the Company had to comply RPO within June, 2016, the Company has shown intent to meet the RPO by purchasing 960 RECs in September,2017. Hence, the Commission decides to condone the delay in purchase of RECs to an extent of 960 MWh and directs the Company to comply with RPO within the time specified in the Regulations, in future. The fractional RPO of 0.31 MWh not met is carried forward, as per the prevailing Orders of the Commission. Therefore, the Company having met its RPO for FY16 to the extent specified above, the Commission hereby treats the proceedings initiated against the Company as closed.

Sd/-
(SHAMBHU DAYAL MEENA)
CHAIRMAN

Sd/-
(H.M. MANJUNATHA)
MEMBER

Sd/-
(M.D. RAVI)
MEMBER