

BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION
No.16 C-1, Miller Tank Bed Area, Vasanthanagar, Bengaluru-560052

Dated 15th February, 2022

Present:

Sri. H.M. Manjunatha - Member and Acting Chairman
Sri. M.D. Ravi - Member

In the Matter of 'Extension of time for complying with RPO for FY20 & FY21'

Preamble:

1. The Commission vide Order dated, 13.05.2020, had extended time for complying with RPO for FY20 by three months i.e. up to 31.08.2020, keeping in view the Covid pandemic situation. Subsequently, vide order dated, 24.08.2020, the Commission further extended the time up to 30.11.2020 for complying with RPO of FY20, keeping in view the COVID-19 pandemic situation and suspension of REC trading by the Hon'ble ATE at that point of time.
2. Meanwhile, on 09.11.2021 the Hon'ble ATE passed orders setting aside the CERC Order dated, 17.06.2020 revising the floor and forbearance price of solar and non-solar RECs. Further, the Court decided that the Orders of CERC in the subject matter issued immediately prior to be passing of the impugned order, will continue to prevail to regulate the pricing and trading of RECs, till such time a fresh order is issued by CERC, in accordance with law. As such, the REC trading has resumed in November,2021.
3. Meanwhile, few of the obligated entities approached the Commission seeking extension of time for complying with the RPO, keeping in view the Covid pandemic situation and suspension of REC trading by Hon'ble ATE. Hence, the Commission decided to hold a public hearing on 17.01.2022, which was postponed to 11.02.2022, considering the prevailing Covid situation. As scheduled, the hearing was held on 11.02.2022.



4. In response to the public hearing Notice BESCO, Bank Note Paper Mill India Private Limited, Indian Energy Exchange, Dr. Umesh G Jadhav (Member of Parliament) and Birla Shakti Cement (Kesoram Industries Limited Cement Division) made written submissions. Further, during the public hearing Chief Engineer, SLDC, KPTCL and Birla Shakti Cement (Kesoram Industries Limited Cement Division) made oral submissions.

5. **The gist of submissions made are as follows:**

- (i) **BESCO** has submitted that it does not require extension of time as it has already complied with RPO for FY20 and FY21.
- (ii) **Chief Engineer, SLDC** informed that, there are few obligated entities under open access who are regular defaulters in complying with the RPO and requested the Commission as to whether NoC could be denied to such consumers for open access.

The Commission informed that as per the prevailing Regulations, no such provision exists to deny NoC for the reason of not complying with RPO.

- (iii) **Birla Shakti Cement, Kesoram Industries Limited** submitted that they were unable to comply with RPO for FY20 and FY21 due to the following reasons:
- The Company was under financial stress and recently in March, 2021 has raised working capital at very high interest rate.
 - Covid pandemic and massive flood in Sedam, Kalaburagi affected production.
 - High cost of input, mainly of imported coal has affected the business, as Government coal suppliers are unable to supply coal as demanded by the company.
 - Non-availability of RECs, especially solar RECs at reasonable price. The company submitted that they participated in the REC market during December, 2021 and were able to procure only non-solar RECs, as solar RECs were not available at reasonable price.
 - To comply with RPO substantial fund is required, which is difficult to arrange because of financial crunch.
 - Outbreak of Omicron virus has added to uncertainty in business.

In view of the above, the company submitted that they would comply with RPO for FY20 and FY21 by the end of September, 2022 and requested the Commission to grant time up to September, 2022.

- (iv) **Bank Note Paper Mill India Private Limited (BNPM)** has submitted that the REC trading was suspended due to Hon'ble ATE's Order and the REC market has resumed only in November, 2021. Further, BNPM approached CESC for availing Green Energy under Green Tariff as per the KERC Tariff Order, 2020 and the matter is pending with CESC for approval. In view of the above, BNPM has requested time up to 31.03.2022 for complying with RPO for FY21.
- (v) **Indian Energy Exchange (IEX)** has submitted that the REC market has resumed in November, 2021 and Obligated entities have alternate options to fulfil RPO by procuring RE power from short term market through Green – DAM/ TAM. In view of the above facts, IEX has requested to provide suitable extension to the obligated entities to comply with RPO targets.
- (vi) **Dr. Umesh G Jadhav, Member of Parliament**, has requested to the Commission to extend time up to June, 2022 to M/s. Kesoram Cement for complying with the RPO.
6. The Commission has examined the submissions made by the stakeholders. The Commission notes that, that the Covid pandemic continued in FY21 also and has affected the economy. Even though, the economy started picking up in FY22, the onset of omicron had impact on the business environment, due to imposition of strict Covid rules. The Commission notes that as per the Economic Survey Report of the Ministry of Finance for 2021-2022, the gross value added which had slipped to -6.2% in FY21 (from 4.1% in FY20), is anticipated to rise to 8.6% in FY22. Similarly, the GDP which had slipped to -7.3% in FY21 (from 4.0% in FY20), is anticipated to rise to 9.2% in FY22.





7. In the above circumstances due to Covid and suspension of REC trading, some of the obligated entities were unable to meet the RPO in FY20 as well as FY21, within the time stipulated in the Regulations. Therefore, in exercise of the power conferred under Regulation 12 of KERC (Power Procurement from Renewable Sources by Distribution Licensee and Renewable Energy Certificate Framework) Regulations, 2011, as amended from time to time, the Commission makes the following Orders Relaxing the time stipulated in Regulation-8 of the above Regulations:

ORDER

The Commission hereby extends the time for complying with the RPO for FY20 and FY21 till 30.09.2022.

This Order is signed and issued by the Karnataka Electricity Regulatory Commission on this 15th day of February, 2022.


(H.M. MANJUNATHA) 15/2/2022
Member and Acting Chairman


(M.D. RAVI) 15/2/2022
Member