

Before

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

In the matter of:

Petition no. 07 of 2011 dated 13.10.2011 filed by Uttarakhand Renewable Energy Development Agency.

.....Petitioner

And

In the matter of:

Determination of Fees and Charges under Regulation 6.4 and 12.1 of UERC (Compliance of Renewable Purchase Obligation) Regulation, 2010.

Coram

Shri Jag Mohan Lal Chairman

Date of Order: 23.12.2011

ORDER

This Petition has been filed by Uttarakhand Renewable Energy Development Agency (hereinafter referred to as "Petitioner" or "UREDA") under Regulation 6.4 and 12.1 of UERC (Compliance of Renewable Purchase Obligation) Regulation, 2010 (hereinafter referred to as "Regulations").

1 Background and Procedural History

- (2) The Central Electricity Regulatory Commission (hereinafter referred to as CERC) had framed regulations for implementation of the Renewable Energy Certificate (hereinafter referred to as REC) framework and had designated National Load Dispatch Centre (hereinafter referred to as NLDC) as Central Agency.
- (3) The Uttarakhand Electricity Regulatory Commission (hereinafter referred to as “the Commission”) also notified the UERC (Compliance of Renewable Purchase Obligation) Regulation, 2010 vide Notification dated 03.11.2010 and designated UREDA as the State Agency for accrediting and recommending the renewable energy projects for registration with the central agency and to undertake such other functions as specified under the Regulations.
- (4) The Ministry of New and Renewable Energy (MNRE) further sanctioned a financial assistance to Forum of Regulators (FOR) as support for the initial three years for implementation of REC framework. FOR in turn extended the financial assistance to the Central Agency and State Agencies to meet part of their manpower, hardware, software and infrastructure related requirements.
- (5) CERC vide its Order dated 21.09.2010 fixed the Fees and Charges for Accreditation of RE Generation Project. Under Para 27 of the said Order, it also held as under:

“The Commission determines the fees and charges for accreditation of RE project(s) which will apply till such fees and charges are specified by State Commissions for the State Agency:...”

- (6) Regulation 6.4 of UERC (Compliance of Renewable Purchase Obligation) Regulations, 2010 specifies as under:

“The Commission may from time to time fix the remuneration and charges payable to the State Agency for discharge of its functions under these regulations.”

Further, Regulation 12.1 of UERC (Compliance of Renewable Purchase Obligation) Regulations, 2010 specifies as under:

“The Commission may from time to time, based on the proposal in this regard from the State Agency or on its own motion, determine, by order, the fees and charges payable to the State Agency by the Obligated Entities and/or the persons applying for accreditation, and for maintaining the validity of accreditation and other matters

connected therewith."

- (7) Accordingly, UREDA vide its letter dated 26.04.2011 requested the Commission to determine the fee and charges as proposed by it which were intended to be utilised towards meeting office expenses, travelling expenses, remuneration to Compliance Auditors, etc. The same were, however, found to be much higher than the fee and charges approved by the Central Commission. UREDA was, accordingly, asked to submit the detailed justification of the fee and charges proposed by it.
- (8) Subsequently, UREDA filed a Petition on 13.10.2011 before the Commission giving details of its quarterly expenses. The said Petition, however, did not contain the details of revenue expected to be realised from the charges proposed by UREDA. The Commission, therefore, vide its letter dated 25.10.2011 asked UREDA to submit the details of revenue proposed to be realised by it, the details of manpower proposed to be engaged by it alongwith the details of other expenses proposed by it.
- (9) UREDA submitted the requisite information vide its letter dated 08.11.2011. The Commission admitted the Petition on 17.11.2011 and issued a public notice on 19.11.2011 seeking comments/responses from all the stakeholders latest by 05.12.2011 on the Petition filed by UREDA. However, only one response from M/s. Rai Bahadur Narain Singh Sugar Mills Ltd. was received by the Commission on 19.12.2011 who submitted that it had filed its application for accreditation before UREDA which is under process, as the same would be decided after the Petition filed by UREDA has been disposed off by the Commission. Hence, it has requested for early disposal of the Petition.

2 Petitioner's Submission & Commission's View

- (10) While proposing various Fee and charges vide its Petition, UREDA also intimated that FOR has already sanctioned the quarterly financial assistance of ₹ 1,29,000.00 to them for the initial three years for meeting the expenses towards Manpower and monthly rent for broadband, electricity, telephone etc.
- (11) The Petitioner has, however, submitted that its quarterly expenses would be about ₹ 1,80,000.00 comprising of the monthly wages of ₹ 50,000.00 towards

manpower engaged for the implementation of REC Framework and other monthly expenses such as TA, rent for broadband/telephone /electricity of approximate ₹ 10,000.00. Hence, there would be a quarterly shortfall of approximate ₹ 51,000.00. Further, the Petitioner has considered an annual increase of about 15% in these expenses in the ensuing years. It has further been submitted by the Petitioner that since the financial assistance from FOR is only for three years after which it has to meet the entire expenditure from the fee and charges collected, it has, accordingly, proposed modification in the fee and charges approved by CERC.

- (12) The Petitioner has worked out the details of revenues proposed to be realised and expenses proposed to be incurred for a period of 10 years and has estimated a revenue shortfall of ₹ 74.46 lakhs on fee and charges approved by CERC and a revenue surplus of ₹ 34.29 lakhs on fee and charges proposed by it for the period of 10 years.
- (13) In this regard, it would be relevant to mention that CERC in its Order dated 21.09.2010 has stipulated that the control period of fees and charges shall be of three years of which the first year shall be the period from the date of the order to March 31, 2011. Thus, the first control period of fees and charges approved by CERC is upto March 31, 2013. Further, FOR has also sanctioned the financial assistance to the Petitioner initially for a period of 3 years. Hence, the Commission feels it appropriate to approve the fee and charges for the control period of 3 years of which one financial year is also almost over.
- (14) Accordingly, the Commission has examined the expenses and revenues estimated by the Petitioner for the first three years. As per the details of revenue and expenses furnished by the Petitioner, it is observed that during the first three years, considering the fee and charges approved by CERC and the financial assistance from FOR, the Petitioner would be having a revenue surplus of ₹ 9.98 Lakhs over its expenses for the period. Accordingly, the fee and charges approved by CERC would be sufficient to cover all the expenses proposed by the Petitioner. Thus, there is hardly any need to modify the charges approved by CERC.
- (15) However, the Commission would like to point out that the expenses proposed by the Petitioner seem to be on a higher side. Further, the annual growth rate

in expenditure of about 15% is also quite high and needs to be controlled. Although, the Commission at this point of time is refraining itself from limiting the expenditure proposed by the Petitioner, however, the Petitioner is advised to exercise proper prudence and ensure propriety while incurring the expenditure and to control and avoid wasteful expenditure. Further, it should also be ensured that the staff and other facility proposed by the Petitioner to be engaged for implementation of REC mechanism is wholly dedicated to this work or else the expenses needs to be properly allocated to various activities utilising them. The Commission will examine the expenses incurred by the Petitioner after the end of the control period while approving the fee and charges for the next control period.

3 Fees and Charges

(16) Based on the above, the Commission approves the following fee and charges given in the Table below against the fee and charges proposed by the Petitioner:

S. No.	Description	Proposed by the Petitioner	Approved by the Commission
1.	One time non-refundable Application Processing Fees payable at the time of submitting application for accreditation to the State Agency.	Rs. 25,000 per application	Rs. 5,000 per application
2.	One time Accreditation Charges payable to the State Agency upon grant of accreditation.	Rs. 1,00,000 per application	Rs. 30,000 per application
3.	Annual Charges for Accreditation payable by April 10, of each year.	Rs. 25,000 per application	Rs. 10,000 per application
4.	Accreditation Charges for Revalidation/extension of validity payable at the time of revalidation/ extension of validity of existing accreditation at the end of five years, or any such period as may be determined by the Commission from time to time, from the date of initial Accreditation unless otherwise revoked prior to such validity period.	Rs. 50,000 per application	Rs. 15,000 per application

(17) Further, any taxes and duties on fee and charges shall be applicable as per

prevailing norms.

- (18) The Commission further directs UREDA to open a separate interest bearing bank account named as "REC Fee & Charges A/c" in which all the proceeds collected from Fee and Charges would be deposited and out of which all the expenses necessary for implementing REC Mechanism would be met.

4 Review of Fees and Charges

- (19) The fee and charges as approved above shall apply for a Control Period of three years of which the first year shall be the period from the date of this Order to March 31, 2012 unless reviewed earlier by the Commission based on actual implementation of the REC mechanism.

(Jag Mohan Lal)
Chairman