

CENTRAL ELECTRICITY REGULATORY COMMISSION

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Press Note

Forum of Regulators (FOR) draws up RPO trajectory for States

The Forum of Regulators (FOR), a statutory body of Electricity Regulators with CERC Chairperson as Chair and SERC Chairpersons as Members, has completed a detailed study drawing up possible Renewable Purchase Obligation (RPO) trajectory for States with due regard to availability of renewable energy sources in the country during the 12th plan period and its impact on retail tariff.

RPO which casts an obligation on the distribution companies, open access consumers and captive power producers to procure/meet part of their energy needs from green energy - is one of the important instruments for promotion of renewable energy sources.


The study has projected likely capacity addition during the 12th Plan period and suggested RPO trajectory for States after considering the impact on power purchase cost. Incremental impact on power purchase cost as a result of increasing level of RPO is not significant, the study has concluded.

Salient features of the study are as under:

- In the business as usual scenario, the capacity addition during the 12th Plan period could be 35,715 MW and if issues and constraints, especially the constraints of lack of evacuation infrastructure are addressed, the capacity addition could be to the tune of 40,659 MW during the 12th Plan period.

- Based on the likely capacity addition under both the scenarios and keeping in view the impact of RPO on the power purchase cost, a national level as well as State-wise RPO trajectory has been drawn. At pan India level, the achievable RPO trajectory estimated under the first scenario ranges from 6.1% in FY12 to 10.7% in FY 17 and under the second scenario from 6.1% in FY12 to 11.4%. This is against the targets suggested by NAPCC, of 7% in FY12 to 12% in FY 17.
- The pan India RPO trajectory has been further divided into state-wise RPO targets. The states with lower current level of RPO have been assigned an accelerated trajectory, and the states with high RPO targets (as per their current RPO target for FY 12) have been assigned a normalized trajectory.
- The incremental impact of varying levels of RPO on the power purchase cost (PPC) has been analyzed for each state as well as at the pan India level. The incremental time discounted impact on the Power Purchase Cost (PPC) is only 1.0 paisa per unit for the first year, which gradually decreases to a negative value (- 0.5 paisa per unit) in FY17. The impact of proposed RPO targets on PPC is, therefore, not much and can be easily accommodated by the state utilities.

The way forward now lies, in SERCs' adopting the trajectory based on the consensus arrived in the Forum of Regulators and also enforce compliance of RPO.


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(Rajiv Bansal)
Secretary