



**TAMIL NADU ELECTRICITY CONSUMERS' ASSOCIATION**

Regd. No. 181-8524/1998 – CIN.No. U37102TZ1998GAP008524  
1st Floor, SIEMA Building, 8/4, Race Course, Coimbatore - 641 018  
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TECA:CIR:2021-22/48  
11 November 2021

All Members

Respected Members,

Sub: Renewable Energy Certificate (REC)-APTEL sets aside the Order of CERC which lowered the price of RECs-Regarding.

Ref: 1. Our WhatsApp update on 09.11.2021.

2. The Order of the Hon'ble APTEL in Appeal No. 113 of 2020 and Batch dated 09.11.2021.

We wish to bring to your notice that Hon'ble APTEL had passed an order on 09.11.2021 in Appeal No. 113 of 2020 and the soft copy of the same is sent herewith for the information of all members, who are having REC WEGs and REC Solar Power Plants and also for those who are obligated to buy RECs to off set their RPO, on the reason of such consumers sourcing power from thermal sources like IEX, Thermal Group Captive etc.

According to the above order of the Hon'ble APTEL dated 09.11.2021, the APTEL has made the following.

- ❖ The Hon'ble APTEL has set aside the order dated 17.06.2020 passed by the CERC in Petition No. 05/SM/2020, by which the CERC has revised the floor and forbearance prices of solar and non-solar RECs at Rs. 0/MWh and Rs. 1000/MWh respectively.
- ❖ The Highlights of the order of the Hon'ble APTEL are as follows.
  - The price revision made by the CERC to a floor price of Rs 0/ MWh and forbearance price of Rs 1000/ MWh is no longer applicable.
  - Trading can likely to resume with the older prices being applicable (for Non-solar a floor price of Rs 1000/MWh and forbearance price of Rs 3000/ MWh, and for Solar a floor price of Rs 1000/MWh and forbearance price of Rs 2400/ MWh), unless the Supreme Court interferes in the matter, when any Respondent files Civil Appeal.
- ❖ The main reasons adduced by the Hon'ble APTEL in setting aside the order of the CERC are as below.



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- Inadequate consultation process with Forum of Regulators (FoR), POSOCO and other Stakeholders.
  - Incorrect approach in considering the competitive bidding tariffs for determining RECs prices.
  - The validity of existing RECs to be extended for the remainder of their validity, as it stood on the date of the original order (17.06.2020).
  - Inefficient implementation of RPO.
- ❖ APTEL has further directed the CERC, to issue formal orders to give effect to APTEL's order within two weeks.
- ❖ Therefore, we expect that the REC trading is likely to commence appropriately at the previous floor and forbearance prices. However, if any of the Respondents approach the Hon'ble Supreme Court by filing Civil Appeal against the APTEL order and if the Hon'ble Supreme Court stays the order of the Hon'ble APTEL, further developments may be delayed. Therefore, members have to wait and see the developments.
- ❖ Since trading has been suspended since June 2020, there is likely to be significant demand when trading resumes.
- ❖ We may also see changes in the REC mechanism in the near future based on proposal mooted out by the Ministry of Power.
- ❖ As per the existing mechanism, off setting of RPO by buying RECs for older period is not possible. Hence, while issuing the order, the CERC has to make specific directions over it. Otherwise, dealing with old obligations for the period from 17.06.2020 to 31.03.2021 would be an issue, requiring further clarifications.

Members, who want more details, can refer to the letter circulated by RE Connect, attached herewith for further details.

With Warm Regards

Dr CB Senthilkumar  
Secretary

Encl: 1. APTEL Order dated 09.11.2021  
2. RE Connect letter