



Ministry of Power



Ministry of Power Redesigns Renewable Energy Certificate (REC) Mechanism

Floor and forbearance price limits removed

REC prices to be determined by Market conditions

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Union Minister of Power and New & Renewable Energy, Shri RK Singh has given his assent to amendments in the existing Renewable Energy Certificate (REC) mechanism. The intent behind this decision is to align the 'mechanism' with the emerging changes in the power scenario and also to promote new renewable technologies.

The proposed changes will provide some flexibility to the players, additional avenues, rationalization and also addressing the RECs validity period uncertainty issues. Extensive stakeholder consultations have been held towards drawing up these changes. The Ministry of Power had circulated a Discussion paper on redesigning the Renewable Energy Certificate (REC) Mechanism for comments of stakeholders in power sector on 4th June 2021.

The Salient features of changes proposed in revamped REC mechanism are:

- Validity of REC would be perpetual i.e., till it is sold.
- Floor and forbearance prices are not required to be specified.
- CERC to have monitoring and the surveillance mechanism to ensure that there is no hoarding of RECs.
- The RE generator who are eligible for REC, will be eligible for issuance of RECs for the period of PPA as per the prevailing guidelines. The existing RE projects that are eligible for REC would continue to get RECs for 25 years.
- A technology multiplier can be introduced for promotion of new and high priced RE technologies, which can be allocated in various baskets specific to technologies depending on maturity.
- RECs can be issued to obligated entities (including DISCOMs and open access consumers) which purchase RE Power beyond their RPO compliance notified by the Central Government.
- No REC to be issued to the beneficiary of subsidies/concessions or waiver of any other charges. The FOR to define concessional charges uniformly for denying the RECs.
- Allowing traders and bilateral transactions in REC mechanism.



f The changes proposed in revamped REC mechanism will be implemented by CERC through regulatory process. To address mismatch between availability of RE sources and the requirement of the obligated entities to meet their renewable purchase obligation (RPO), Pan-India market-based Renewable Energy Certificate (REC) Mechanism was introduced in the year 2010.





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