

REChronicles - From the Editor's desk

Hello Readers. Hope you enjoyed the last issue of **REChronicles**. We would love to have your feedback on which articles you liked and which ones you didn't.

This month has seen a mix of good and bad happenings in the RE Industry. After the much eventful trading last month, REC trading this month has dropped drastically on the Non-Solar front. This isn't much of a shock as this was expected for the first month of financial year. AP Solar bidding which received a very good response to the 1000 MW tender floated 3 months back has disappointed the industry after the Govt. announced a benchmark Tariff of Rs.6.49/Unit. It is still awaited how things turn out to be as rumours are abuzz about re-tendering and legal recourse by Solar Developers. We will keep you posted on this.

On the positive front, CERC has issued draft amendments to the existing REC regulations to clear the existing limitations and ambiguities. Also, Tamil Nadu Govt. has announced an additional Rs.20000/KW subsidy (in addition to MNRE's existing 30% Capital Subsidy) for domestic Rooftop PV plants as per TN Solar Policy. Another important news is that Andhra Pradesh has finally entered the list of states which have Solar PV projects under REC route. This sure would make things in AP more clear and encourage more Solar Power developers to consider this route.

We have, as always put in our best efforts in order to come up with the articles in this issue. We hope you would enjoy it as much as we did while preparing it. Kindly give your valuable feedback on how we can improve **REChronicles** and make it even more delightful and interesting for you.

Happy reading!!



REC Trading Update – April 2013

REC Inventory:

Opening at close to 1.777 Million, April trading session closed with an inventory balance of a little over 1.991 Million RECs. The following sections give an update on the Non-Solar and Solar front.

Non-Solar

The month of April started with an Opening Balance of 1776296 Non-Solar RECs. Over the course of the month, 259273 Non-Solar RECs were issued thus putting the available number at 2035569. Of these, only 188494 were put up for trading. Buy bids of 44459 (lowest in the last 23 months), all of which were cleared, led to a closing balance of 1991110. Following table gives the Non-Solar REC Inventory statistics for the last 3 months.

Non-Solar REC Inventory for Feb-2013 to Apr-2013 (as on 26-Apr-2013)

Month, Year	Opening Balance	REC Issued	REC Redeemed	Closing Balance
February, 2013	1773879	314917	152952	1935844
March, 2013	1935844	268323	427871	1776296
April, 2013	1776296	259273	44459	1991110

Solar

Opening at 633 Solar RECs, 2444 were issued over the course of the month thus putting the total available Solar RECs at 3077 all of which were put up for trading. The trading session closed with a Closing Balance of 860 after the redemption of 2217 Solar RECs. Following table throws more light on the Solar REC Inventory statistics for the last 3 months.

Solar REC Inventory for Feb-2013 to Apr-2013 (as on 26-Apr-2013)

Month, Year	Opening Balance	REC Issued	REC Redeemed	Closing Balance
February, 2013	1251	1882	2234	899
March, 2013	899	2917	3183	633
April, 2013	633	2444	2217	860



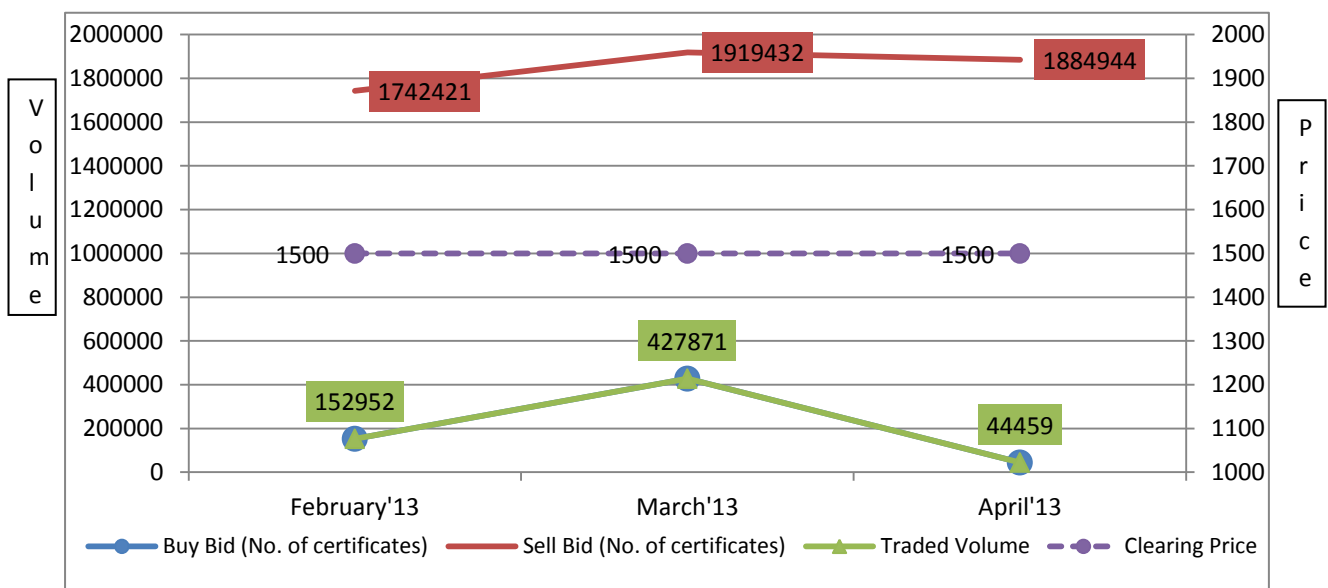
REC trading:

The number of Non-Solar Buy-bids fell to almost 1/10th that of February. Solar REC trading too witnessed a slump of more than 50% in terms of buy-bids. Here's more on Non-Solar and Solar trading in the first month of FY 2013-14.

Non-Solar RECs Trading:

As expected, Non-Solar Trading witnessed a huge decrease, April being the first month of the new financial year. Trading had slumped by a factor of 10 compared to last month. The Buy Bids of 44459 is the lowest in the last 23 months. While a decrease in trading activity was certainly expected, such a huge fall was beyond expectations. As is the trend, all the Buy Bids (44459) were cleared resulting in a Trading Value of Rs.6.67 Crores. Clearing Price stood at the usual Rs.1500 owing to oversupply. The graph below shows the trends in Buy Bids, Sell Bids, Traded Volume and Clearing Price for the last 3 months.

Non-Solar REC trading from February'13 – April'13



Forecast for May trading session:

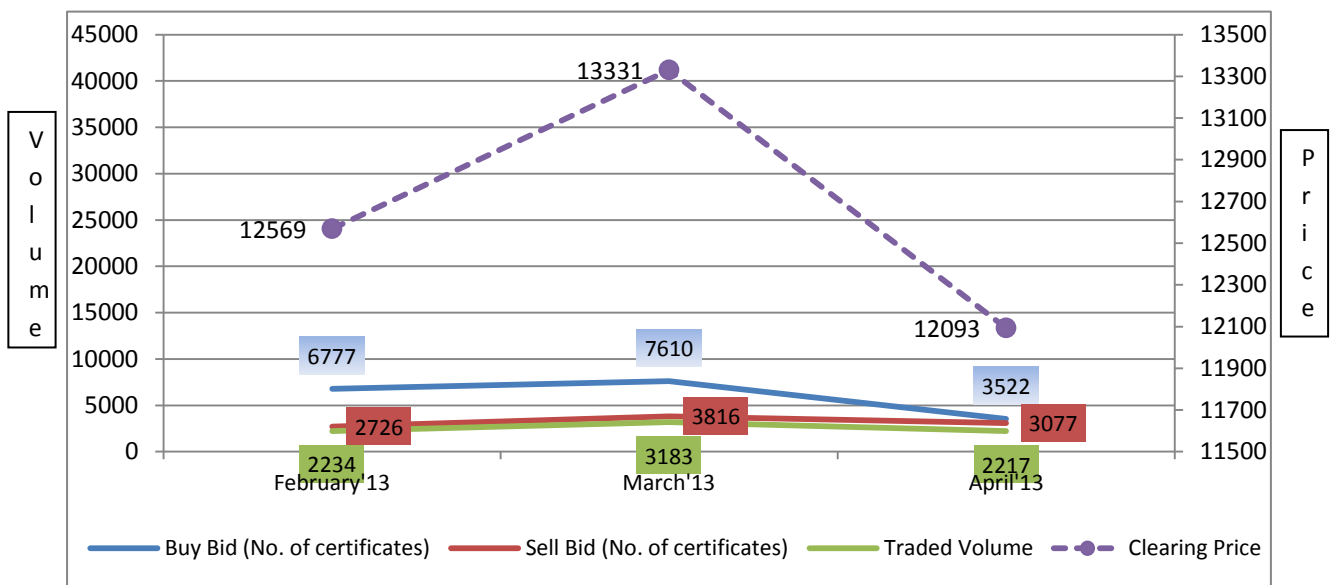
Trading Price is bound to stick to the Floor Price of Rs.1500/REC as there are no signs of any improvement in demand. The Second Amendment to REC Regulations that CERC recently announced has quite a few positives but none that can boost trading in a significant way. Another month of trading activity as in April would lead Inventory hitting the 2 Million mark.



Solar RECs Trading:

Being the first month of the Financial year, trading sure dropped slightly. However, the more significant drop was witnessed in the Clearing Price. Clearing Price for both the exchanges together stood at Rs.12093 which is the lowest till date. Against Buy Bids of 3522, 3077 Solar RECs were put up for sale and 2217 got cleared resulting in a Trading Value of Rs.2.68 Crore which is a 63% decrease from March. Clearing prices at IEX and PXIL stood at Rs.12206/REC and Rs.12000/REC respectively. The graph below shows the trends in Buy Bids, Sell Bids, Traded Volume and Clearing Price for the last 3 months.

Solar REC trading from February'13 – April'13



Forecast for May trading session:

No significant activity or changes are expected for May trading session. There was a decent capacity of Solar PV projects registered in the month of April. In case these are for projects that have already been commissioned or are in the final stages, there could be some influx of Solar RECs in May or the coming months.



REC Capacity Addition – April' 13

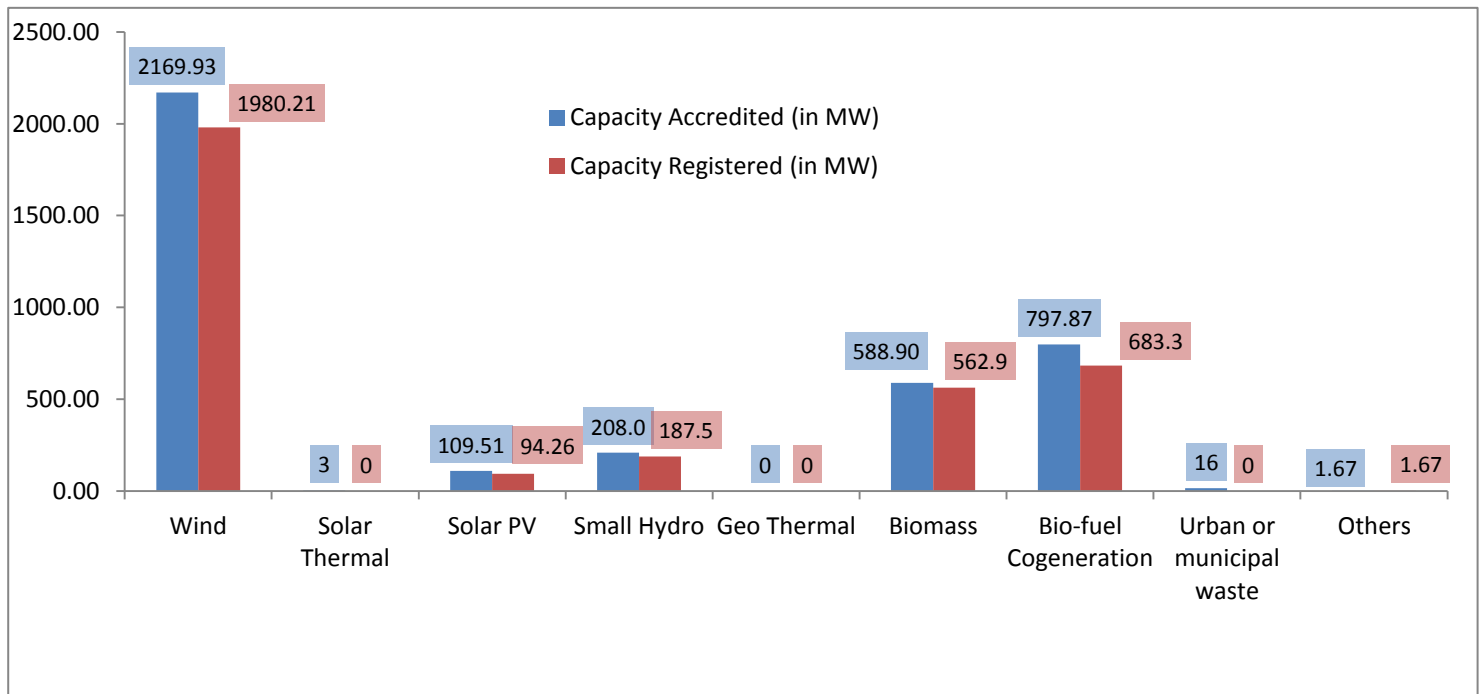
A total of 65.13 MW was Accredited and 89.7 MW was Registered during the course of the month.

The tables below indicate the Resource-wise capacity addition in April and the total capacity as on 26th April, 2013.

Capacity Addition (MW) in April (As on 26th April 2013)

S.No.	Source	Accreditation	Registration
1.	Wind	27.48	57.35
2.	Urban or Municipal Waste	0	0
3.	Solar Thermal	0	0
4.	Solar PV	27.65	32.35
5.	Small Hydro	0	0
6.	Others	0	0
7.	Geothermal	0	0
8.	Biomass	0	0
9.	Bio-fuel Cogeneration	10	0
	Total	65.13	89.7

Capacity in MW based on Type of RE Source (As on 26th April 2013)



Renewable Energy News

State

Andhra Pradesh disappoints with a very low Benchmark Tariff of Rs.6.49/unit:

Andhra Pradesh Govt. announced this week that it has decided the Benchmark Tariff as Rs.6.49/unit for the ongoing AP Solar bidding. Though, as per RfP, Benchmark Tariff is only for determining Contract Performance Bank Guarantee (CPBG), the Govt. seems to have fixed the same as tariff for Power Purchase too. Developers as well as the entire industry has expressed disappointment at this tariff as it is not found financial viable for most Solar Power Developers.

More information regarding this is available on our blogpost [here](#).

MNRE releases draft guidelines document on VGF implementation for JNNSM Phase 2:

Ministry of New and Renewable Energy released draft guidelines for setting up of 750 MW of Solar PV plants through Viability Gap Funding (VGF) route in JNNSM Phase-II. One of the most important bit of information as per these guidelines is that MNRE proposes a tariff of Rs.5.45/unit for projects not availing Accelerated Depreciation (AD) benefits and Rs.4.95/unit for projects availing AD benefits. The upper limit for VGF has been set as Rs.2.5 Crores/MW or 30% of project cost. Reverse bidding for projects shall be carried out on the basis of this VGF amount and accordingly projects shall be selected. It is also proposed that disbursement of VGF amount to the selected projects would be done in a phase-wise manner keeping in mind the progress of the project. The document still seems to have left a few unanswered questions with respect to VGF scheme implementation and Domestic Content Requirement (DCR) etc. issues.

Check out the complete MNRE document [here](#).

First REC based Solar project in Andhra Pradesh gets accredited:

On 8th April 2013, a 5.75 MW Solar PV plant by **KCP Limited** received accreditation from AP State Nodal Agency for REC mechanism. This is the first Solar project in Andhra Pradesh to receive Accreditation under REC route. The project can potentially generate and add more than 8500 RECs to the Solar REC market every year.

[Here's the link](#) to more details regarding the same.



CERC announces Draft Amendments to REC Regulations:

Owing to the several ambiguities and issues arising due to a few constraints in REC regulations, CERC has announced Draft Amendments to the existing REC Regulations. Through these amendments, CERC aims at addressing concerns related to the following:

- a) Eligibility criteria for issuance of Certificate for:
 - Renewable energy contracted through competitive bidding;
 - Self consumption by a seasonal RE generator;
 - Self consumption by a renewable energy based captive generating plant (CGP)
 - and by a renewable energy generator other than a CGP;
- b) Clarity on minimum capacity requirement for eligibility for Certificate;
- c) Procurement of electricity at Average Pooled Purchase Cost (APPC) rate as determined by appropriate Commission;
- d) Extension of time period for applying for issuance of Certificate;
- e) Retention of Certificates for compliance of renewable purchase obligation by a captive generating plant;
- f) Extension of shelf life of the Certificate;
- g) Clarity on whether Certificates should be issued to an eligible entity from date of commercial operation or from the date of registration;

The document containing complete details can be accessed [here](#).



To Err is Human

As true as that quote may be, we try to avoid any mistakes in the information we give our readers. We are happy to inform that there were no mistakes identified in the previous issue of REChronicles.

We have ensured that there are no mistakes in the current issue too. Please bring to our notice any mistakes you identify so that we can publish the same in the next issue for the benefit of all the readers.

Thank you!!

What next?

We hope we have met your expectations thus far. If we haven't, do write to us or call us on the contact details provided below.

Our next issue will contain:

- RE Trading Update for May
- REC projects capacity addition in May
- Policy Update (If any)
- More interesting and exciting articles on Renewable Energy developments from across the world and India.

Editorial Team

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Thank you!



About EfficientCarbon

EfficientCarbon (<http://efficientcarbon.com/>) is a Hyderabad based company working in the **Energy, Environment** and **Sustainability** domain. We provide focussed services in the following areas:



Our team consists of graduates from respected institutions such as BITS-Pilani and IFMR-Chennai with several years of experience in companies like Infosys, Godrej and Titan. We are also supported by a team of advisors who, on average, have more than 25 years of experience in the above mentioned areas.

We have successfully executed several projects for our esteemed clients such as Maha Cements, Andhra Pradesh State Co-operative Bank (APCOB), Ramco Systems, Capital IQ, GTP Granites and Andhra Pradesh Pollution Control Board (APPCB).

Renewable Energy and REC Advisory:

We have a highly qualified team with expert knowledge on the commercial and technical aspects of various Solar Energy technologies. Also, we pride ourselves in being capable of delivering the best services on the REC front as we are backed-up by a powerful back-end which constantly monitors the REC Market.

Renewable Energy Certificates

Accreditation, Registration, Issuance and Trading

Financial Analysis for projects

Market Intelligence

Solar Power Plants

Financial Analysis for Industrial and Grid-scale

Evaluating technology options

Market Assessment and Pre-Feasibility Reports

Preparing Bid documents for tenders

