IN THE MATTER OF


ORDER

The Commission notified the Central Electricity Regulatory Commission (Terms and Conditions for Dealing in Energy Savings Certificates) Regulations, 2016 (hereinafter referred to as ‘ESCerts Transaction Regulations’) on May 27, 2016, in exercise of powers conferred under sub-Section (1) of and clause (y) of sub-section (2) of Section 178 read with Section 66 of the Electricity Act, 2003 (36 of 2003), paragraph 5.9 of the National Electricity Policy, sub-Rule (4) of Rule 12 and clause (b) of Rule 13 of the Energy Conservation (Energy Consumption Norms and Standards for Designated Consumers, Form, Time within which, and Manner of Preparation and Implementation of Scheme, Procedure for Issue of Energy Savings Certificate and Value of Per Metric Ton of Oil Equivalent of Energy Consumed) Rules, 2012, as amended from time to time (hereinafter referred to as ‘PAT Rules’) notified by the Ministry of Power, Government of India for the development of market
in energy for exchange of transferable and saleable Energy Savings Certificates (hereinafter referred to as ‘ESCars’).

2. Regulation 12 of the ESCerts Transaction Regulations empowers the Commission to determine by order, the fees and charges payable by the eligible entities to the Registry for the purpose of meeting the cost and expense towards the management of Registry and software platform. The relevant portion of the ESCerts Transaction Regulations is extracted as under:

"7. Fees and Charges

The Commission in consultation with the Bureau may from time to time determine, by order, the fees and charges payable by the Eligible entities to the Registry for the purpose of meeting the cost and expense towards the management of Registry and software platform."

3. In exercise of the said Regulation 12, CERC issued an Order Dated 24.03.2017 prescribing the Fees and Charges as follows:

i. One time Registration Fee at the rate of Rs 15,000/- per application levied at the time of registration of a Designated Consumer (DC)

ii. ESCert Fee at the rate of Rs. 5/- per ESCert. to be paid by the Designated Consumers to whom ESCerts have been issued by the Ministry of Power

iii. The taxes and duties on fees and charges shall be applicable as per the prevailing norms.
iv. The total revenue from both fees shall be shared in the ratio of 50:50 between the Registry and the Administrator.

4. By way of letter dated 02.05.2017, the Administrator (BEE) have stated that in order to give an initial boost for the trading of ESCerts, they have sought for a one time waiver of the registration fee of Rs 15,000/- per application for all those eligible entities who register themselves by 31.12.2017. They have agreed to bear the one time registration fee and reimburse the Registry for the expenses incurred by them to register the eligible entities. To claim the cost, the Registry would need to raise an invoice on the Administrator.

5. **Analysis and Decision:**

   i) We have examined the issue and are of the view that as the issuance of ESCerts to eligible entities is a step to encourage achievement of energy efficiency targets among industries of various sectors and also enable those entities who have not been able to achieve the targets to purchase ESCerts, it is equally important that all eligible entities register themselves with the Registry so that they can transact the ESCerts on the Power Exchange.

   ii) In order to give a fillip to the ESCerts program, the Administrator has proposed to waive the One time registration fee of Rs 15000/- for those eligible entities who register themselves until 31.12.2017 and their proposal to reimburse the same to the Registry.
iii) The Commission had approved the fees after duly considering the likely expenses of the Administrator and the Registry. The proposal of the Administrator (to waive the registration fee for the early birds and reimburse the cost to the Registry) does not dilute the decision of the Commission as it proposes to reimburse the expenses to the Registry. The Commission, therefore does not have any objection to the proposal, more so keeping in view the intent of encouraging the Designated Consumers to participate and register for compliance of energy efficiency norms.

iv) The Commission vide its Order dated 24.03.2017 had stated that the total revenue from ESCert fee and One time registration fee shall be shared in the ratio of 50:50 between the Registry and Administrator. As a result, the financial impact of such waiver as suggested by the Administrator shall be compensated to the Registry so as to ensure that the Registry recovers 50% of the total revenue generated / deemed to be generated from the ESCert fee and the Registration fee put together. For avoidance of doubt, the above principle is explained further by way of an illustration. Assuming that a total of 420 DCs get registered and 38.5 lakh ESCerts are issued, the total revenue without any waiver would work out to be Rs.255.5 lakhs (420 x 15,000 + 38,50,000 x 5). Out of this, the Registry's share would be Rs.127.75 lakhs. Even on grant of waiver of registration fee, it should be ensured that the Registry gets its share of Rs.127.75 lakhs by way of collection of fees plus reimbursement/support in lieu of waiver.
v) In order to claim their share of One time Registration fee (in the ratio of 50:50), the Registry will raise an invoice on the Administrator.

vi) The waiver of the one time registration fee will be applicable for all those eligible entities who register themselves with the Registry till 31.12.2017.

vii) All other terms and conditions as per Commission’s Fees and Charges Order dated 24.03.2017 will remain unchanged.

Sd/- Sd/- Sd/- Sd/-
(M.K. Iyer) (A.S. Bakshi) (A.K.Singhal) (Gireesh B. Pradhan)
Member Member Member Chairperson