

RENEWABLE ENERGY CERTIFICATE MARKET

What is Renewable Energy Certificate (REC)?

REC represents the green attribute of electricity generated from renewable energy sources. These attributes are unbundled from the physical electricity and the two products—the green attribute embodied in the form of a certificate and the commodity electricity - are traded separately. One REC represents 1 MWh of energy generated from renewable sources. RECs is now positioned as the currency of renewable energy markets because of its flexibility and the fact that it is not subjected to the geographic and physical limitations of its underlying commodity, electricity. The obligated entities purchase RECs to fulfil their Renewable Purchase Obligation (RPO). There are two categories of RECs: Solar and Non-solar.

Procedure for Application of Issuance of REC

ACCREDITATION

SNA authorises or endorses the renewable energy (RE) generator and recommends it for registration.

- Eligible generator can get accredited not before 6 months, prior to the proposed date of commissioning.
- Accreditation Certificate is valid for 5 years from the date of accreditation.
- Separate applications required for separate projects

REGISTRATION

NLDC registers generator as 'Eligible Entity' for its RE generation project.

- Eligible Entity can get registered not before 3 months, prior to the proposed date of commissioning.
- Registration can only be done after receipt of the 'Certificate of Accreditation' from the concerned SNA.
- Registration is valid for 5 years from the date of registration.

ISSUANCE

- The metered electricity is recorded through energy accounting by State Load Despatch Centre (SLDC).
- Eligible Entity to apply to NLDC for issuance of REC equivalent to the amount of electricity injected into the grid as certified by the SLDC. The application is required to be filed within three months from the date of renewable energy generation.
- Application can be made on a fortnightly basis, i.e., on the 1st day of the month or on the 15th day of the month.
- NLDC issues RECs to Eligible Entity within 15 days as per SLDC and State Agency's Energy Injection Report (EIR).
- RECs to be sold within 1095 days of issuance or else they lapse.

TRADING

Once the RECs are issued to the Eligible Entity, sale/purchase of RECs is to be undertaken only through the Power Exchanges.

- Trading through a double-sided closed auction on the last Wednesday of every month.
- Call for bids from 13:00 Hrs. to 15:00 Hrs. on the auction day (T-day).
- Exchanges intimate details of maximum sale bids placed by each Eligible Entity to NLDC by 15:30 Hrs.
- NLDC checks availability of RECs with the Eligible Entity by 16:00 Hrs.
- Post-confirmation from NLDC, Exchanges determine Market Clearing Price (MCP) and Market Clearing Volume (MCV) and send the details of final cleared trades to NLDC for extinguishing of RECs traded by 17:00 Hrs.

REDEMPTION

The obligated entities purchase RECs through Power Exchanges and submit them to the concerned SNAs or as specified by respective SERCs as proof of RPO compliance. The NLDC maintains and records RECs sold, purchased and redeemed for self-consumption in the REC registry. Captive Power Producers (CPPs) availing concessional/promotional transmission/ wheeling charges or banking facility or not meeting registration / project commissioning timelines as specified by CERC or criteria as per Electricity Rules, 2005, will not be eligible to retain RECs for self-consumption against their RPO.



KEY STATISTICS

(As on 30th June, 2020)



4500+
Registered
Participants



1,150+
Eligible
Entities



3,300+
Obligated
entities



6.96 Lac
RECs traded in
FY 2020-21



76% Market
Share



384 Lac RECs
cleared
since 2011

Trading

Sellers

Renewable energy generators like wind, solar, small hydro, co-generation, municipal waste, biomass/bio-fuel, other MNRE approved sources.

Buyers

Obligated Entities:

- Distribution Companies
- Open Access Consumers
- Captive Power Consumers

Voluntary Entities:

- Individuals
- Corporates
- NGOs

Criteria for Renewable Energy Generator to be eligible for REC:

- a. Grid connected
- b. No preferential tariff from local distribution licensees
- c. Selling to local distribution licensees at Average Power Purchase Cost (APPC)
- d. Selling to other licensee or open access consumer or through power exchange at a mutually agreed or market determined price

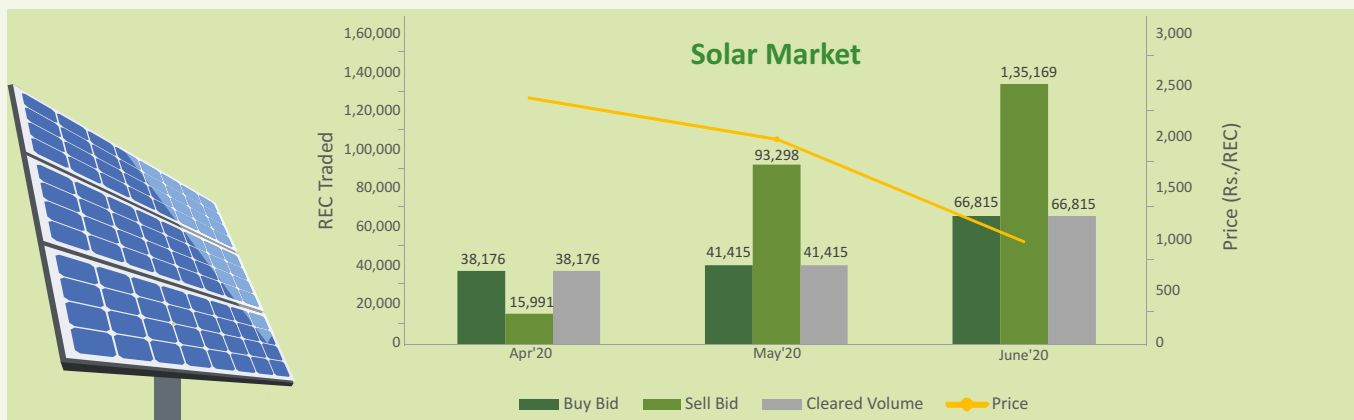
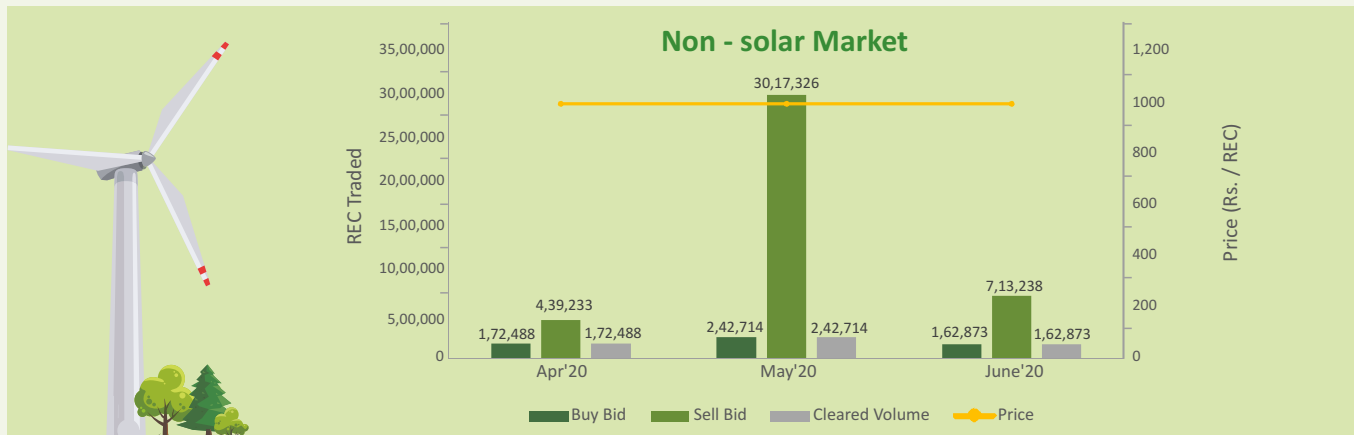
How to Start?

- a. Become Member or Client (of a Member) of IEX
- b. Register with NLDC
- c. Start Buying/Selling RECs at IEX

Note: The existing Members and Clients of IEX are eligible to trade in the REC Market

Trading Timeline

Trading Day	Last Wednesday of every month
Market Clearing	Double-sided closed auction
Trading Time	13:00-15:00 Hrs.
By 15:30 Hrs.	Verification by for Valid REC by cleared seller at IEX
By 16:00 Hrs.	Central Agency confirms REC
By 16:30 Hrs.	IEX finalises trade
By 17:00 Hrs.	IEX informs Buyers/Sellers to Central Agency
By 18:00 Hrs.	IEX raises Invoice (proof of REC trade)



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