

RENEWABLE ENERGY CERTIFICATES SCHEME LAUNCHED TODAY

The renewable energy certificates (REC's) mechanism, which is expected to bring new investments in renewable energy projects and help introduce a market based competition. will be launched on Thursday.

The regulatory framework for REC mechanism has already been notified by the Central Electricity Regulatory Commission (CERC). The REC mechanism is being supported by the Minister of New and Renewable Energy (MNRE) and the Ministry of Power.

According to MNRE a large part of our renewable energy potential is concentrated in few states and some of these states have achieved comparatively high levels of renewable electricity purchase as share of the total electricity consumption. The electricity from renewable energy such as wind and solar has been more expensive the conventional electricity resulting in the Government having to provide subsidies to State Governments.

For example: Tamilnadu has more than 10% of total electricity from renewable sources of energy, but still has untapped wind energy potential. On the other hand, State such as Bihar and Delhi have very little renewable energy potential but are required by the National Electricity Policy to enhance the share of renewable electricity in the total consumption.

One solution that has recently been pioneered in Tamilnadu is the cultivation of designated energy crops, such as bamboo which supply wood chips for producing renewable electricity from biomass power plants. Historically, the cost of biomass has affected the reliability and economic viability of biomass power plants, however, dedicated energy crops have the potential of reducing the cost of production by as much as 35%, thus making the biomass generated electricity less expensive than conventional energy.

To address this mismatch, the electricity regulatory commissions have collectively evolved REC, mechanism under which the electricity is to be split into two components: -electricity and green attributes. The electricity components can be sold to the local distribution utilities at a price of conventional electricity and the green attributes is converted into REC which the generator can sell to the utilities of States such as Delhi. Such a utility can fulfil its renewable purchase obligations by REC.