



नई दिल्ली
NEW DELHI

Petition No.: 4/SM/2021

Coram:

Shri P. K. Pujari, Chairperson
Shri. I.S. Jha, Member
Shri. Arun Goyal, Member
Shri Pravas Kumar Singh, Member

Date of Order: 30th of April, 2021

IN THE MATTER OF

Determination of Fees and Charges payable under Regulation 12 of the Central Electricity Regulatory Commission (Terms and Conditions for Dealing in Energy Savings Certificates) Regulations, 2016.

ORDER

The Commission notified the Central Electricity Regulatory Commission (Terms and Conditions for Dealing in Energy Savings Certificates) Regulations, 2016 (hereinafter referred to as 'the ESCerts Transaction Regulations') on May 27, 2016 in exercise of the 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 'the 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 'ESCerts').

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. Later, Bureau of Energy Efficiency (BEE), which is the Administrator under the ESCerts Mechanism in its submission vide letter dated 02.05.2017 sought 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 and agreed to bear the one time registration fee and reimburse the Registry for the expenses incurred by them to register the eligible entities. This was with a view to giving an initial boost to the trading of ESCerts.
5. Subsequently, by way of Order dated 19.05.2017 in Petition No. 8/SM/2017, the Commission after reviewing the aforesaid submission of BEE, decided as under:

“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 PowerExchange.*
- 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."

6. It is observed that the fees and charges determined vide Order Dated 24.03.2017 were valid up to Financial Year 2019-20, or as may be determined by the Commission in consultation with the Registry and the Administrator. Relevant extracts from the Order are quoted as under:

“22. After the detailed scrutiny of the estimates made by the Registry and the Administrator, we specify the fees and charges for registration and issuance of ESCerts as under:

...

(f) The Fees and Charges determined through this Order shall be applicable upto Financial Year 2019-20, or as may be determined by the Commission in consultation with the Registry and the Administrator.”

7. Accordingly, BEE (Administrator) & POSOCO (Registry) submitted their income and expenditure statements for review of the Commission (**Annexure-1**).
8. In addition, BEE has also submitted a proposal that despite the expenditure being more than the income from the ESCerts Mechanism, the fees and charges should be kept the same as in the Order dated 24.03.2017. They have also submitted that in the event of deficit in actual expense v/s fee received from the Eligible Entities/ DCs, BEE shall make good the deficit from the Ministry of Power’s grant given to BEE for the PAT scheme.
9. **Analysis and Decision:**
 - i) The Commission notes that the objective behind ESCerts is to encourage achievement of energy efficiency targets. 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 further boost the ESCerts program, the Administrator has now proposed to continue with the same Fees and Charges as determined by the Commission vide its Order dated 24.03.2017. This proposal has also been agreed to by the Registry.
 - iii) The proposal of the Administrator (to continue with the same fees and charges) does not dilute the decision of the Commission as BEE proposes to

continue the same fees and charges, reimburse the expenses to the Registry and recover any deficit from its grant by the Ministry of Power. 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 determined the Fees and Charges as under:
- a. One time Registration Fee at the rate of Rs 15,000/- per application levied at the time of registration of a Designated Consumer (DC)
 - b. 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
 - c. The taxes and duties on fees and charges shall be applicable as per the prevailing norms.
 - d. 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.

The Commission, therefore, decides that the Fees and Charges determined vide Order dated 24.3.2017 shall continue to be applicable until further orders by the Commission.

Sd/-	Sd/-	Sd/-	Sd/-
(Pravas Kumar Singh)	(Arun Goyal)	(I.S. Jha)	(P.K. Pujari)
Member	Member	Member	Chairperson

ESCerts Mechanism Statement - Income and Expenditure for the period FY 2017-18 to FY 2019-20				
[as submitted by POSOCO (Registry) and BEE (Administrator)]				
		Amount in Rs.		
		2017-18	2018-19	2019-20
POSOCO Income	Registration Fee & charges	28,72,500.00 @	52,500.00 @	15,000.00
	ESCert Fee and Charges	94,48,460.00	53,618.00	22,140.00
	Bank Interest Income	42,403.00	7,61,295.00	10,62,689.49
	Misc income	14,33,852.00	26,157.00	97,960.00
	Total POSOCO Income	1,37,97,215.00	8,93,570.00	11,97,789.49
BEE Income*	Registration Fee & charges	45,000.00 @	30,000.00 @	15,000.00
	ESCert Fee and Charges	94,48,460.00	53,618.00	22,140.00
	Total BEE Income	94,93,460.00	83,618.00	37,140.00
POSOCO Expenses	Employee Cost	39,73,715.00	21,61,824.43	11,05,186.50
	Other Expenses:	4,17,292.00	1,02,698.00	92,602.99
	Total POSOCO Expenses	43,91,007.00	22,64,522.43	11,97,789.49
BEE Expenses	ESCert Registration Fees expense paid to POSOCO	28,27,500.00 @	22,500 @	-
	Paid to Positive Edge Technology Pvt. Ltd.		49,98,764.00	75,08,276.00
	Paid to SISL Infotech Pvt. Ltd			72,41,776.00
	Paid to IDBI Intech Ltd.			14,89,160.00
	Total BEE Expenses	28,27,500.00	50,21,264.00	1,62,39,212.00
	Gross Surplus/(Deficit)	1,60,72,168.00	(63,08,598.43)	(1,62,02,072.00)
	Less : Tax	8,51,428.00	1500.00	-
	Cumulative Surplus/(Deficit) after Tax	1,52,20,740.00	89,10,641.57	(72,91,430.43)

@ - Since DCs were exempt from registration from 14th July,2017 to 31st Dec,2017, BEE did not receive any registration fee during this period . However, as per the revised fee order dated 19th May,2017 BEE paid the share of registration fee to POSOCO.