

Renewable Purchase Obligation

How do Renewable Energy Certificates work?

Renewable energy certificates exist to ensure all activities such as accounting, tracking, and assigning ownership to renewable electricity generation and use are carried out efficiently.

RECs are the instrument that consumers must effectively make use of in order to substantiate their renewable electricity consumption.

In India, RECs are traded on two power exchanges — IEX(Indian Energy Exchange) and PXIL-(Power Exchange of India).

The price of RECs is determined by market demand, and contained between the 'floor price' (minimum price) and 'forbearance price' (maximum price) as specified by the Central Electricity Regulatory Commission (CERC).

Central Electricity Regulatory Commission (CERC):

1. CERC regulates the power sector in India.
2. It promotes competition, efficiency and economy in bulk power markets, improves the quality of supply, promotes investments and advises the government on the removal of institutional barriers to bridge the demand-supply gap.
3. It is a statutory body with quasi-judicial status under the Electricity Act 2003.

Sales of Renewable Energy Certificates (RECs) rose over 79 % to 8.38 lakh units in March 2020 owing to good supply.

Aspirants can go through the following links relevant for the comprehensive preparation of the upcoming Civil Services Exam-

Greenpeace – Origin, Mission & Objectives	List of Largest Solar Power Plants in India	Wind Energy in India – List of Top Wind Parks in India
List of Nuclear Power Plants In India	National Solar Mission – An Overview	Thermal Power Plants In India
Nuclear Fuel Cycle: UPSC Notes for Science and Technology	India's Three Stage Nuclear Power Program – Process, Challenges	Nuclear Reactors: Components and Types and Reactors in India

What are the Objectives of RPO?

The objectives of RPO are as follows:

1. To establish a centralized web-based monitoring mechanism for RPO compliance for all states and Union territories
2. To carry out a smooth process of monitoring renewable energy transactions of the enlisted organizations.
3. To develop a database that would become a tool for SERCs to audit RPO compliance
4. To enhance transparency in the effective compliance of RPO process

Why was REC Introduced?

Renewable Energy certificate was introduced to resolve the issues related to an imbalance of available RE resources and the entities' requirements. This certificate facilitates effective compliance with a renewable purchase obligation.

