



Bangalore Chamber of Industry and Commerce

31st December 2010

Mr. Shaik Ahmed
Secretary
Karnataka Electricity Regulatory Commission
6th & 7th Floor, Mahalaxmi Chambers
No. 9/2, M. G. Road
Bangalore – 560 001

Dear Sir,

Recommendations to KERC on the Draft Notification on (KERC Power Procurement from Renewable Sources by Distribution Licensee) Regulations, 2010

As desired, we are pleased to enclose herewith our brief recommendations on Power procurement from Renewable Sources Distribution Licensee.

We shall be grateful if our recommendations are duly considered before the policy is firmed up.

Thanking you,

Yours Sincerely,


T. S. Sampath Kumar
Secretary General

Encl : a/a



Recommendations received from the members of the BCIC

1. BCIC supports KERC's recommendations to meet targets of RPO of 10% for BESCOM, MESCOM & CESC and 7% to HESCOM, GESCOM, Hukkeri Coop Society provided that 0.25% of the total consumption shall be solar energy.

2. In light of the recent launch of the REC mechanism, DISCOMS would be able meet RPOs by use of the REC mechanism to fulfill their targets.

Hence, we believe that deferment of RPO may not be required. We strongly support KERC's recognition of Renewable Energy Certificates as a valid instrument for the discharge of the mandatory obligations.

3. We appreciate KERC's position on non-compliance of RPO by obligated entities and believe that this is key for sustainable growth. In addition, we hope that the non-compliance penalty is high enough to deter obligated entities from being non-compliant.

We would like to submit to the Commission that the non-compliance penalty should be linked to the forbearance price for REC, the penalties should additionally also include any transactional expenses that the trading entities have to bear. The penalties should also increase for repeat non-compliance; as such penalties would improve market discipline.
