

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 321/SM/2013**

**Coram:**

**Shri Gireesh B. Pradhan, Chairperson**

**Shri V.S. Verma, Member**

**Shri M. Deena Dayalan, Member**

**Shri A.K. Singhal, Member**

**Date of order: 10.12.2013**

**In the matter of:**

Empanelment of Compliance Auditor in the area of Renewable Energy Certificate Mechanism.

**ORDER**

Regulation 13 of the Central Electricity Regulatory Commission (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 (REC Regulations), provides for appointment of compliance auditors. Regulation 13(1) reads as under:

**“13. Appointment of compliance auditors:**

(1) The Commission may, in consultation with the Central Agency, appoint from time to time compliance auditors to inquire into and report on the compliance of these Regulations by the person applying for registration, or on the compliance by the renewable energy generators in regard to the eligibility of the Certificates and all matters connected thereto.”

2. As required under the aforesaid regulation, the Commission vide its Order dated 6/7/2012 (Suo-Motu Petition No. 154/2012) empanelled following firms as Compliance Auditors:



**S. No.                      Name of individual/firms**

1.     See-Tech Solutions Pvt. Ltd, Nagpur
2.     S.R. Corporate Consultant (P) Ltd., Raipur
3.     World Institute of Sustainable Energy Kalyani Nagar, Pune
4.     Tetra Tech DLF Cyber city, Gurgaon
5.     P.P. Mittal, Energy Engineers, Faridabad
6.     Energy Advisory Services Pvt. Ltd., New Delhi
7.     ITP Senergy Ltd., Gurgaon
8.     SGS India Pvt. Ltd., Gurgaon
9.     Core Carbonx Solutions Pvt. Ltd., Hyderabad
10.    DNV India, Bangalore

3.     The paras 5 and 6 of the above referred Order in the matter of empanelment of compliance auditor REC, states as under:-

“The firms empanelled by the Commission should not have any conflict of interest with RE generators or other agencies involved which has selected it for audit into and report on the compliance of REC Regulations. The firms empanelled by the Commission shall be debarred from auditing of RE projects with which they have been associated in the past and shall also be debarred from associating with such project developer in future on the matters which may cause any conflict of interest

6.     Central Agency may choose Compliance Auditor(s) from the panel notified by the Commission from time to time for audit into and report on the compliance of REC Regulations by the person applying for registration, or on the compliance by the renewable energy generators in regards to the eligibility of the Certificates and all matters connected thereto.”

4.     It has come to the notice of the Commission that some empanelled Compliance Auditors have been offering REC consultancy and advisory services including accreditation, registration and trading to RE generators. The Commission is of the view that consulting and advisory services to RE generators provided by the Compliance

Auditors result in serious conflict of interest. Even if they do not perform both the services, i.e. REC advisory services and Compliance audit services, for the same client, by virtue of being in the market as a consultant and competing with other consultants, they are likely to be unduly influenced in the audit process. The Commission is of the view that such conflict of interest should be discouraged.

5. Accordingly we direct that a firm once empanelled as Compliance Auditor shall be debarred from providing consultancy services related to REC to any of the RE generators.

6. NLDC shall call for a confirmation on affidavit from all Compliance Auditors on quarterly basis to the effect that they do not have conflict of interest with any of the RE generators and submit a report to the Commission by 30<sup>th</sup> of April, July, October and January.

sd/-  
**(A.K.Singhal)**  
Member

sd/-  
**(M. Deena Dayalan)**  
Member

sd/-  
**(V.S.Verma)**  
Member

sd/-  
**(Gireesh B.Pradhan)**  
Chairperson