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PROJECTS, ENERGY & INFRASTRUCTURE

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LEGAL & POLICY UPDATES

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MoP issues Amendment to the "Guidelines for Tariff Based Competitive Bidding Process for Procurement of Firm and Dispatchable Power from Grid Connected Renewable Energy Power Projects with Energy Storage Systems " dated February 12, 2025

- The Ministry of Power (**MoP**) vide its notification dated February 12, 2025, notified the amendment to the Guidelines for Tariff Based Competitive Bidding Process for Procurement of Firm and Dispatchable Power from Grid Connected Renewable Energy Power Projects with Energy Storage Systems **(Guidelines)**.
- Clause 3.1.1(b) of the existing Guidelines has been modified to clarify that deviations in the draft R*f*S, draft PPA, and draft PSA from these Guidelines and/or SBDs require approval from the Appropriate Commission. However, for a bid, if deviations were approved before these amendments, fresh approval is not needed. Detailed provisions consistent with the Guidelines will not be considered deviations.
- A new Clause 3.3 has been added, which provides that in case of location-specific bids, the procurer may specify the sub-station(s) in Inter-State Transmission System **(ISTS)**/ Intra-State Transmission System **(InSTS)**, where the developers will connect the Renewable Energy Power Project.
- Clause 7.6(b) has been amended to state that if a generator fails to maintain the minimum CUF for two consecutive years (excluding the first contract year), it will be considered in default. The minimum CUF obligation will then be reduced to the average CUF of the two default years. In such cases, the generator must pay lump-sum damages equivalent to 24 months or the balance PPA period, whichever is less. Failure to pay these damages may be treated as an event of default, leading to PPA termination, with the generator liable for additional damages.
- The Change in Law provision under Clause 7.7 of the Guidelines has been modified to be in accordance with the Electricity (Timely Recovery of Costs due to Change in Law) Rules, 2021. Additionally, the term "Change in Law" (**CIL**) now refers to any event occurring from seven days before the last date of bid submission.
- Technical criteria have been specified under Clause 9.2.1, wherein the developer is required to install and maintain GPS-enabled Automatic Weather Station (**AWS**) as per the technical specifications and standards specified by the relevant Central Government agency. The availability of data from such AWS shall be ensured as specified by the appropriate Load Dispatch Centre and other Central Government agencies in accordance with the provisions of the Indian Electricity Grid Code and instructions from the appropriate Load Dispatch Centre from time to time.

MNRE issues the Updation of List I (Manufacturers and Models of Solar PV Modules) of ALMM Order, 2019

RERC issues the RERC (Terms and Conditions for Determination of Tariff) Regulations, 2025

- A new Clause 10.3 has been added, which mandates that in normal circumstances, the signing of the PPA and PSA (if applicable) should be completed within 30 days from the issuance of the LoA. This period may be extended up to 12 months from the LoA date, beyond which the LoA will be cancelled.
- Clause 11.4 has been modified to require the distribution licensee or Intermediary Procurer to approach the Appropriate Commission for adoption of tariffs discovered through the competitive bidding process within 30 days of tariff discovery.
- The amendment introduces new provisions under Clause 12.1(a1) and Clause 12.2(a1) for the establishment of Earnest Money Deposit and Performance Bank Guarantee, respectively, allowing the use of Insurance Surety Bonds or any other instrument approved in the General Financial Rules as amended from time to time by the Central Government.
- Clause 12.3 has been modified to clarify that the Performance Bank Guarantee (**PBG**) or its alternatives can be encashed to recover any damages or dues of the generator under the PPA. The recovered amount will be credited to the Payment Security Fund. The PBG must be returned within 45 days of the actual commencement of supply, with partial releases allowed for part-capacity commencement.

MoP issues Guidelines for Tariff-Based Competitive Bidding for Procurement of Storage Capacity/Stored Energy from Pumped Storage Plants on February 6, 2025

- The guidelines aim to facilitate India's energy transition by promoting PSPs, ensuring grid stability, and integrating renewable energy. The National Electricity Plan 2023 projects a requirement of approximately 74 GW/411 GWh of Energy Storage Systems (**ESS**) by 2031-32, including 27 GW/175 GWh from PSPs.
- The guidelines apply to developers, end procurers, and intermediary procurers for procurement of storage capacity or stored energy from new, under-construction, or existing PSPs.
- Competitive bidding will be used for procurement under Section 63 of the Electricity Act, 2003. The procurers must obtain prior approval from the Appropriate Commission for any deviations from these guidelines. The bidding process follows a single-stage, two-part format (technical and financial bids), with an option for e-reverse auctions.
- In order to be eligible under the Guidelines, the bidders must demonstrate experience in infrastructure sector projects and meet financial criteria such as net worth equivalent to at least 20% of the estimated capital cost of the contracted PSP capacity.
- The Minimum bid capacity under the Guidelines is 50 MW for ISTS-connected projects and at least 10 MW for InSTS-connected projects, with flexibility for smaller projects in special category states.
- The Guidelines further state that the agreement for procurement will be executed through a Pumped Storage Purchase Agreement (**PSPA**) or Power Purchase Agreement (**PPA**) between the procurer and the developer. Also, Performance Bank Guarantee (**PBG**) and Earnest Money Deposit (**EMD**) must be provided, with specific amounts determined by the estimated project cost.
- The developers must meet specified technical performance criteria, including minimum availability and efficiency standards, in the event of failure to maintain the committed capacity results in liquidated damages, with penalties for non-performance equal to 1.5 times the PPA tariff for shortfalls.
- According to the Guidelines, financial closure must be achieved within 12 months of PPA signing, with penalties for delays and developers must secure transmission connectivity within 60 days of receiving the Letter of Award (**LoA**).
- With respect to supply, the Guidelines state that, PSP projects must commence supply within 48 to 66 months, depending on project type and part commissioning is allowed, with payments made on a pro-rata basis.

Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) (Fourth Amendment) Regulations, 2025

- The Central Electricity Regulatory Commission (**CERC**) notified the draft fourth amendment to the CERC (Connectivity and General Network Access) Regulations, 2025 (**CERC GNA Regulations 2025**) introduced to address inefficiencies in grid utilization, curb speculative trading of transmission connectivity, and enhance regulatory compliance in renewable energy integration.
- The amendment seeks to optimize transmission assets by introducing "Restricted Access", allowing renewable generators to inject power based on predefined solar and non-solar hour schedules, thereby ensuring better utilization of idle transmission capacity during non-solar hours. It also restricts changes in ownership or shareholding of connectivity grantees until the Commercial Operation Date (**COD**) to prevent speculative transfers. To enhance compliance, it mandates strict timelines for project commissioning, requiring developers to submit bank guarantees and commissioning schedules, with revocation of connectivity rights for non-compliance beyond 18 months. Additionally, State Transmission Utilities (**STUs**) are now permitted multiple start dates per year for additional GNA, improving planning flexibility.
- CERC GNA Regulations 2025 introduces 'Restricted Access' to optimize inter-state transmission system (**ISTS**) utilization. It allocates solar-hour and non-solar-hour scheduling rights, ensuring that wind-based and energy storage systems (**ESS**) can utilize idle transmission capacity during non-solar hours. This prevents underutilization of infrastructure and supports India's growing renewable energy sector, promoting efficient grid management and transmission planning for better power distribution.
- To prevent speculative trading of connectivity rights, the amendment restricts ownership or shareholding changes of connectivity grantees until their Commercial Operation Date (**COD**). This measure ensures that only committed developers secure transmission access, reducing the risk of entities acquiring connectivity and reselling it. Any changes in shareholding before COD now require prior approval from the Nodal Agency, strengthening accountability, regulatory oversight, and project stability in the renewable energy sector.
- Aiming to enhance compliance and project execution timelines, the amendment mandates that connectivity applicants submit Bank Guarantees (Conn-BG1, Conn-BG2, Conn-BG3) and adhere to an 18-month commissioning deadline. If a project fails to meet this deadline, connectivity is automatically revoked, ensuring that idle capacity is reallocated to serious players. These measures discourage delays, improve project planning, and help meet India's renewable energy integration targets while maintaining transmission system efficiency.
- Recognizing the need for flexibility in power procurement, STUs can now apply for multiple start dates (up to four per year) for additional General Network Access (**GNA**). This change addresses varying state power demands and allows for better forecasting and procurement strategies. By enabling staggered GNA approvals, the amendment helps states avoid transmission bottlenecks, improve grid reliability, and ensure optimal allocation of transmission capacity in response to fluctuating energy needs.
- To enhance grid coordination and scheduling transparency, the amendment requires NLDC to declare solar and non-solar hours weekly, with flexibility for weather-based revisions. Additionally, restricted-access entities must coordinate power scheduling through a Lead Generator or Qualified Coordinating Agency (**QCA**). These changes streamline grid operations, reduce scheduling conflicts, and promote efficient energy dispatch, ensuring that India's renewable energy transition is managed in a structured and efficient manner.

Fourth Amendment to APERC Electricity Supply Code (Regulation No. 5 of 2004)

- The Andhra Pradesh Electricity Regulatory Commission (**APERC**) issued the Fourth Amendment to the Electricity Supply Code (Regulation No. 5 of 2004) on February 24, 2025, introducing major changes to the metering, billing, and payment structure for electricity consumers in the state. The amendment aligns with national smart metering policies set by the Central Electricity Authority (**CEA**) and the Ministry of Power (**MoP**) to modernize electricity consumption monitoring, reduce revenue losses, and promote prepaid billing systems.
- The CEA (Installation and Operation of Meters) Amendment Regulations of 2019 and 2022 mandated that all new consumer meters must be Smart Meters with a prepayment feature, replacing conventional meters within government-specified timelines. The MoP notification on August 17, 2021, further set deadlines for this transition. Following these national directives, the Andhra Pradesh DISCOMs, APSPDCL, APCPDCL, and APEPDCL submitted official requests to APERC in 2024, urging amendments to the Electricity Supply Code and General Terms and Conditions of Supply to accommodate smart meter implementation.
- To ensure stakeholder participation, APERC published a draft notification on January 1, 2025, and invited public objections, suggestions, and comments. The initial deadline of January 22, 2025, was later extended to January 29, 2025, following requests from DISCOMs and consumer groups. By the deadline, APERC had received 32 objections and suggestions from various stakeholders, including consumer welfare groups, industries, apartment resident associations, energy policy researchers, and former APERC officials. Despite significant opposition from consumer groups, APERC upheld most of the proposed changes, emphasizing efficiency, automation, and revenue protection.
- They key takeaways from the amendment include mandatory prepaid smart metering and e-wallet system, elimination of physical bills for smart meter consumers, etc. A more balanced approach with rebate incentives, optional physical billing, and lower recharge requirements would have made the transition smoother and fairer.

KERC Issues Discussion Paper on Fixation of Norms and Determination of Tariff for Procurement of Power from Municipal Solid Waste (MSW)-Based Power Generating Plants for FY26 dated February 28, 2025

- The Karnataka Electricity Regulatory Commission (**KERC**), vide its discussion paper dated March 2025, has proposed norms and the determination of tariffs for power procurement from Municipal Solid Waste (**MSW**)-based power plants for FY26.
- Converting MSW into electricity, while not the most efficient method, contributes to sustainable waste disposal and energy security when executed within global emission standards. The Commission has previously set a generic tariff of Rs. 7.08 per unit for MSW-based power projects commissioned between September 19, 2016, and March 31, 2025. This tariff structure continues to be extended, reinforcing India's focus on waste-to-energy (**WtE**) projects.
- The Commission proposes a useful life of 20 years for MSW-based power plants. The plant load factor (**PLF**) is set at 65% during the stabilization period and 80% thereafter, while auxiliary consumption is capped at 15% of total power generation.
- The financial parameters include a capital cost of Rs. 2100 lakhs per MW, with a debt-equity ratio of 70:30. The return on equity is proposed at 14% per annum. Loan repayment is planned over a tenure of 13 years with an interest rate of 11.10% per annum.
- Depreciation is set at 5.387% per annum for the first 13 years, with the remaining depreciation spread over the balance years. Operation and

maintenance (**O&M**) expenses are proposed at 6% of the capital cost, escalating annually at 5.25%.

- The working capital requirement is equivalent to two months' receivables, with an interest rate of 11.50% per annum. Based on these parameters, the Commission proposes a levelized generic tariff of Rs. 8.07 per unit for 20 years, with provisions for project-specific tariff determinations within defined ceiling limits.
- The Commission also considers a discount factor of 11.97% for the purpose of computing the levelized tariff, by allowing cost of debt at 11 .10% and return on equity at 14%.
- The Commission proposes to determine a levelized generic tariff of Rs.8.07 per unit for a period of 20 years from the date of achieving commercial operation during effective period as per the computations. However, the Commission would consider determining project specific tariff by considering the above norms as ceiling limits.

KERC issues Discussion Paper on Fixation of Norms and Determination of Tariff for Procurement of Power from Rooftop Aero Turbine with Solar or Without Solar for FY26 dated February 28, 2025

- The Karnataka Electricity Regulatory Commission (**KERC**), vide its discussion paper dated January 27, 2025, has proposed norms and the determination of tariffs for power procurement from Rooftop Aero Turbine (**RAT**) systems, with or without solar, for FY26, aligning with the Karnataka Renewable Energy (RE) Policy 2022-27.
- Rooftop Aero Turbine (**RAT**) systems are small-scale wind energy plants installed on rooftops to harness wind energy efficiently in urban and suburban environments. The integration of RAT with solar photovoltaic (**PV**) systems enhances energy generation and optimizes resource utilization.
- The primary objective of promoting RAT systems is to encourage decentralized and sustainable power generation by allowing residential, commercial, and industrial consumers to harness wind energy efficiently. The integration of RAT with solar PV facilitates hybrid renewable energy solutions that enhance energy security, optimize resource utilization, and reduce dependence on grid-based power. This initiative also seeks to promote private sector participation and technological innovation in distributed wind power generation.
- In addition, the Commission aims to establish a cost-effective tariff mechanism that ensures financial viability while complying with regulatory requirements. Given the absence of large-scale rooftop aero turbine projects in India, determining a suitable tariff presents challenges. Unlike solar PV, which has well-established capital costs and tariff benchmarks, RAT systems lack sufficient data on capital expenditure, operational efficiency, and capacity utilization factors (**CUF**). As a result, stakeholder participation is crucial in shaping a viable tariff framework for these emerging technologies.
- The Commission proposes a useful life of 25 years for RAT systems. To provide certainty for investors, the levelized tariff is also set for a 25-year period. The Capacity Utilization Factor (**CUF**) for Solar Rooftop PV (**SRTPV**) is set at 19%, and stakeholders are encouraged to propose a CUF for RAT systems based on site-specific assessments.
- Financial parameters are a key consideration in tariff determination. The proposed debt-equity ratio is 70:30, following industry norms. Stakeholders are invited to propose a capital cost for RAT projects, as no standard benchmark currently exists. Operation and maintenance (**O&M**) costs for RAT are estimated at Rs. 1,000 per kW, with an annual escalation of 5%. Depreciation is set at 5.38% per annum for the first 13 years, with the remaining depreciation spread over the balance years.
- Regarding financing, the working capital requirement is equivalent to one month's receivables, with an interest rate of 11.50% per annum. The loan repayment tenure is 13 years, with an interest rate of 11.10% per annum. The return on equity (**RoE**) is proposed at 14% per annum, ensuring project

viability and investor interest. Additionally, the discount rate is set at 11.97%, based on the weighted average cost of capital (**WACC**).

- Furthermore, the Commission does not propose any allowance for auxiliary consumption due to a lack of substantial documentary evidence. The Commission also encourages stakeholders to provide insights on feasibility, cost structures, and expected performance for better regulatory clarity and tariff finalization.

KERC Issues Discussion Paper on Determination of Tariff and Norms for Solar Power Projects (Including Solar Rooftop Photovoltaic Projects) for FY26 dated March 18, 2025

- The Karnataka Electricity Regulatory Commission (**KERC**), vide its discussion paper dated March 18, 2025, has proposed norms and the determination of tariffs for power procurement from solar power projects, including ground-mounted and solar rooftop photovoltaic (**SRTPV**) projects, for FY26.
- The demand for clean energy has led to an increased focus on solar power projects. As part of its commitment to promoting renewable energy, KERC seeks to evaluate the current landscape, challenges, and opportunities for solar energy deployment. The regulatory framework under the Electricity Act, 2003, plays a key role in tariff determination and renewable energy promotion.
- The Commission aims to enhance solar energy adoption by addressing regulatory and financial challenges. The objectives include promoting large-scale solar and SRTPV installations, ensuring competitive tariff determination, and facilitating private sector investments. By refining tariff structures, the Commission seeks to provide clarity to investors while ensuring affordability for consumers.
- Additionally, KERC acknowledges barriers such as high upfront costs, limited financing options, and grid stability concerns. The discussion paper serves as a platform for stakeholders to contribute insights on tariff determination and policy enhancements to accelerate solar energy adoption in Karnataka.
- The Commission proposes a useful life of 25 years for both ground-mounted and SRTPV projects. The levelized tariff is also set for a 25-year period to provide certainty for investors. The Capacity Utilization Factor (**CUF**) for solar projects is proposed at 19%, based on past tariff orders.
- The financial parameters include a debt-equity ratio of 70:30, consistent with industry norms. The capital cost for SRTPV projects is proposed at Rs. 35,000 per kW for domestic consumers and Rs. 30,000 per kW for other consumers. For ground-mounted solar projects, the capital cost is proposed at Rs. 300.53 lakh per MW.
- The operation and maintenance (**O&M**) expenses for SRTPV are estimated at Rs. 791.314 per kW, while ground-mounted solar projects have an O&M cost of Rs. 5.945 lakh per MW, both with an annual escalation of 5.72%. Depreciation is set at 5.38% per annum for SRTPV projects and 5.667% per annum for ground-mounted projects.
- Regarding financing, the working capital requirement is set at one month's receivables for SRTPV projects and two months' receivables for ground-mounted projects, with an interest rate of 11.50% per annum. Loan repayment is planned over a tenure of 13 years, with an interest rate of 11.10% per annum. The return on equity (**RoE**) is proposed at 14% per annum, and the discount rate is set at 11.97% based on the weighted average cost of capital (**WACC**).
- Additionally, the Commission has introduced proposals for Virtual Net Metering (**VNM**) and Group Net Metering (**GNM**) to promote distributed solar energy adoption. These mechanisms will allow consumers to offset their electricity consumption through solar generation across multiple service connections within the same distribution network.

MNRE issues the Updation of List I (Manufacturers and Models of Solar PV Modules) of ALMM Order, 2019

- The Ministry of New and Renewable Energy (**MNRE**) vide its Office Memorandum (**OM**) dated February 17, 2025, notified the updation of List I (Manufacturers and Models of Solar PV Modules) of ALMM Order, 2019.
- Vide aforesaid OM, MNRE has further revised the List – I ((Manufacturers and Models of Solar PV Modules) of ALMM Order, 2019.
- The ALMM enlistment validity is subject to BIS Registration and the list provides for details of Registration No. allotted by BIS for each manufacturer/manufacturing unit enlisted in ALMM.

RERC issues the RERC (Terms and Conditions for Determination of Tariff) Regulations, 2025

- The Rajasthan Electricity Regulatory Commission (**RERC**) has notified the Rajasthan Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2025 (**RERC Tariff Regulations, 2025**). These Regulations establish a framework for determining tariffs applicable to electricity generation, transmission, distribution, and related services in Rajasthan. These regulations will be effective from April 1, 2025, to March 31, 2030 and will replace the previous tariff determination regulations.
- The regulations shall apply to electricity supply by a generating company to a distribution licensee (excluding captive generation and renewable energy sources except for Mini & Micro Hydel Plants), Intra-state transmission and wheeling of electricity, recovery of SLDC expenses and retail sale of electricity, surcharges for open access consumers. The Regulations shall also apply to the determination of tariff payable for wheeling of electricity by a Distribution System User who has been allowed open access to the distribution system of a Distribution Licensee in accordance with the Regulation framed by the Commission for open access, as amended from time to time.
- These regulations aim to provide a structured, transparent, and efficient tariff determination process, ensuring fair pricing and improved financial viability of the power sector in Rajasthan while promoting efficiency, sustainability, and reliability in electricity supply.

RECENT JUDGMENTS

In this Section

South East U.P. Power Transmission Company Ltd. vs. U.P. Power Transmission Corporation Ltd. and Ors.

The Tata Power Company Limited v/s Gujarat Urja Vikas Nigam Limited & Ors.

Brahmani Thermal Power Private Limited v/s PGCIL & Ors.

Power Exchange India Limited v/s Grid Controller of India

Solaire Surya Urja Private Limited v. Central Electricity Regulatory Commission & Others.

Additional Surcharge payable by Open Access consumers for the period of 1st April 2025 to 30th September 2025.

M/s Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) vs. M/s Juniper Green Energy Private Ltd. (JGEPL)

The Tata Power Company Limited – Distribution (TPC - D)

Jaipur Vidyut Vitran Nigam Ltd., Ajmer Vidyut Vitran Nigam Ltd., Jodhpur Vidyut Vitran Nigam Ltd.

South East U.P. Power Transmission Company Ltd. vs. U.P. Power Transmission Corporation Ltd. and Ors.

UPERC Order in Petition No. 2128 of 2024 dated February 20, 2025

Background facts

- The Petitioner, South East U.P. Power Transmission Company Ltd. **(SEUPPTCL)**, filed this petition under Section 17(3) of the Electricity Act, 2003, **(Act)** read with Regulations 4.3.1 and 4.13.4 of the UPERC (General Conditions of Transmission License) Regulations, 2005, and Article 15 of the Transmission Service Agreement **(TSA)** dated January 20, 2012. The petition sought regulatory approval for creating a charge over assets and the pledge of shares in favour of the lender and security trustee by way of mortgage, hypothecation, and pledge.
- The Petitioner had previously secured financing for its 765 kV Mainpuri-Bara Transmission Line and associated schemes. The financial arrangements included a Facility Agreement with lenders to refinance existing debts and meet working capital needs.
- On March 19, 2024, the State Bank of India **(SBI)** issued a revised Sanction Letter approving an increase in credit facilities from Rs. 2,205 crores to Rs. 3,981 crores, including term loans, working capital limits, and performance guarantees. The Petitioner sought approval from UPERC for the creation of security over its transmission license and assets as per the revised financing structure.
- A hearing was conducted on January 23, 2025, where SEUPPTCL, along with representatives from UPPTCL and SBI, presented their submissions.

Issues at Hand

- Whether the Petitioner's request to create security over its assets and pledge shares in favor of lenders was permissible under the Electricity Act, 2003, and the Transmission Service Agreement?
- Whether the assignment of transmission licenses and assets required prior regulatory approval?
- Whether the proposed security structure adequately protected both the lender's interests and regulatory compliance?

Decision of the Court/Tribunal

- The Commission analysed the Petitioner's financial restructuring plan and determined that the requested security creation was necessary for project viability.
- The Commission approved the creation of security by way of mortgage, hypothecation, and pledge in favor of SBI and SBI CAP Trustee Company Limited (Security Trustee), subject to execution of a Security Trustee Agreement.

- The Petitioner was allowed to create encumbrances over project receivables, Letter of Credit, and assets in favour of the lender, as permitted under Article 15.2 of the TSA.
- The Commission reaffirmed that transmission licenses could not be assigned or transferred without prior approval. In case of default in debt repayment, lenders must seek Commission approval before assigning the license to a nominee.
- The Commission emphasized that any transfer of assets or ownership changes must ensure uninterrupted transmission services and compliance with regulatory requirements.

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Viewpoint

The Commission's approval balances the need for financial security while maintaining regulatory oversight on critical transmission infrastructure. By permitting security creation without allowing unconditional license transfers, the decision protects consumer interests while enabling necessary financial restructuring. This ensures continuity in transmission operations while providing lenders with sufficient safeguards, contributing to a stable power sector in Uttar Pradesh.

The Tata Power Company Limited v/s Gujarat Urja Vikas Nigam Limited & Ors

CERC's Order dated 10th March 2025 in Petition No. 179/MP/2023

Background facts

- The Petitioner, Tata Power Company Limited (**TPCL**), an entity engaged in power generation and supply filed the Petition under Section 11(2) read with Section 79 of the Electricity Act, 2003, seeking determination of suitable principles for computing the rate of compensation for the supply of power to various state distribution licensees. The dispute arose following directions issued by the Ministry of Power (**MoP**) on February 20, 2023, under Section 11(1) of the Electricity Act, 2003, requiring imported coal-based power plants to operate at full capacity to meet projected peak demand (**Directions 2023**). Directions 2023 mandated TPCL and other generators to continue supplying power to procurers despite financial losses due to increased coal prices.
- The Respondents in the case included eight state distribution companies (**Discoms**)—Gujarat Urja Vikas Nigam Limited (**GUVNL**), Punjab State Power Corporation Limited (**PSPCL**), Maharashtra State Electricity Distribution Company Limited (**MSEDCL**), and the electricity distribution companies of Rajasthan and Haryana.
- Following Directions 2023, TPCL began supplying power but claimed that the benchmark ECR fixed by the MoP-appointed Committee was inadequate compared to its actual generation cost. In the present petition, Tata Power seeks a primary relief of an interim tariff of INR 6.25/kWh, based on the methodology used in the order dated 03.01.2023 in Petition No. 128/MP/2022.
- The Discoms, led by GUVNL, strongly opposed TPCL's claims, arguing that Section 11(2) of the Electricity Act allows only a final determination of compensation and does not permit an interim tariff adjustment. They further contended that TPCL inflated its coal procurement costs and failed to provide adequate documentation to justify higher tariffs.
- With the latest extension of the MoP directions until April 30, 2025, the dispute has continued, and TPCL claimed an accumulated a significant shortfall as of February 2025. The CERC was tasked with determining the appropriate tariff methodology and whether TPCL is entitled to an interim tariff adjustment pending final adjudication.

Issues at hand

- The primary issue in this case revolved around whether TPCL is entitled to an interim tariff of INR 6.25/kWh, as sought in the petition, or if the compensation should only be determined as a final order under Section 11(2) of the Electricity Act, 2003. The Respondents argued that interim relief is not permissible under the law and that MoP's benchmark tariff should be upheld until a final determination is made.

- Another major issue concerned the methodology for computing the ECR. TPCL claimed that the MoP-notified ECR (INR 4.65/kWh) is inadequate and does not reflect the actual cost of coal procurement, transportation, and other expenses. In contrast, the Respondents contended that TPCL inflated its cost calculations and that the benchmark rate determined by the MoP-appointed Committee should be considered the fair rate.
- Lastly, the case raises the question of whether fixed charges should be payable for power that was not scheduled by the Procurers. TPCL asserted that since the MoP directions required full capacity operation, it is entitled to recover fixed charges for 100% of its declared availability. The Respondents, particularly Maharashtra and Rajasthan Discoms, argued that fixed charges should only apply to scheduled power, as per the terms of their PPA.

Decision of the Court/Tribunal

- The CERC recognized the financial impact on TPCL due to compliance with the Directions 2023 and acknowledged the need for a fair and transparent methodology to compensate for the costs incurred in generating and supplying power during the mandated period.
- Firstly, the Commission acknowledged TPCL's concerns regarding the inadequacy of the MoP-notified ECR of INR 4.65/kWh and agreed to examine whether the rate should be revised to reflect actual costs, including coal procurement, freight, handling, and operational expenses. The Commission took note of TPCL's submission that its actual cost of generation was INR 6.83/kWh and recognized the need for a detailed cost assessment to determine a fair ECR.
- Secondly, CERC recognized TPCL's entitlement to recover fixed charges for power supplied under Directions 2023. The Commission noted that since the directions required TPCL to generate at full capacity, there was a strong basis for ensuring adequate recovery of costs associated with plant availability and operations.
- Lastly, the Commission reinforced the importance of maintaining a robust Payment Security Mechanism and acknowledged TPCL's demand for a Letter of Credit as per the terms of the PPAs. CERC emphasized that Discoms must comply with Directions 2023 regarding payment security, ensuring that TPCL receives payments in a timely and structured manner.
- In conclusion, while reserving the final determination of the ECR and compensation adjustments, CERC affirmed TPCL's right to seek just compensation under Section 11(2) and committed to conducting a detailed evaluation of the cost structure, tariff methodology, and other financial implications to ensure that TPCL is fairly compensated for its operations during the period of Directions 2023.

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Viewpoint

The CERC's decision in Petition No. 179/MP/2023 underscores the necessity of providing fair compensation to TPCL for complying with Directions 2023, ensuring that generators operating under government mandates do not suffer financial distress. By recognizing the inadequacy of the MoP-notified ECR and agreeing to examine TPCL's claim for a higher cost-reflective tariff, the Commission has taken a significant step toward ensuring full cost recovery for coal procurement, freight, handling, and operational expenses.

Additionally, CERC's stance on fixed charge recovery reinforces that since TPCL declared full availability as per Directions 2023, it is entitled to compensation for its operational readiness. The Commission's emphasis on maintaining a robust Payment Security Mechanism, including adherence to Letters of Credit by the procuring distribution companies, further ensures financial stability for power generators. By committing to a transparent evaluation of TPCL's cost recovery claims, CERC's decision sets a positive regulatory precedent that upholds fairness, financial sustainability, and stability in the power sector, reinforcing that generators compelled to operate under extraordinary circumstances must be equitably compensated.

Brahmani Thermal Power Private Limited v/s PGCIL & Ors.

APTEL's Judgment Dated 20th March 2025 in Appeal No. 235 of 2017.

Background facts

- Brahmani Thermal Power Pvt. Ltd. (**BTPPL**), formerly known as Navbharat Power Private Limited, was engaged in setting up a 1050 MW (2 x 525 MW) coal-based thermal power plant in Odisha.
- To facilitate power evacuation, BTPPL entered into a Bulk Power Transmission Agreement (**BPTA**) with Power Grid Corporation of India Ltd. (**PGCIL**) on June 7, 2010, for Long-Term Access (**LTA**) to the transmission network, committing to pay transmission charges and furnishing a bank guarantee of INR 36 crores. However, the project faced significant delays due to external factors, particularly in land acquisition and fuel supply.
- The Government of Odisha, through its agency IDCO, was responsible for procuring 1200 acres of land and handing it over to BTPPL, but the process stalled when it was discovered that a significant portion of the project site overlapped with the Rengali Right Canal System (Ayacut area), leading to legal and administrative complications.
- As a result, the land acquisition notifications under the Land Acquisition Act lapsed, and the Odisha government failed to renew the Memorandum of Understanding (**MoU**) with BTPPL after its expiry on December 31, 2011, rendering further land acquisition impossible. Additionally, in February 2014, the Ministry of Coal (**MoC)** de-allocated the Rampia & Dip Side of Rampia coal blocks, which were initially allocated to BTPPL for fuel supply, further crippling the project's viability.
- Due to these unforeseen circumstances, which were entirely beyond its control, BTPPL issued a Force Majeure Notice on June 25, 2013, requesting relinquishment of its LTA without liability, exemption from transmission charges, and refund of its bank guarantee.
- However, the Central Electricity Regulatory Commission (**CERC**), in its order dated April 12, 2017, rejected BTPPL's claims, holding that the project was abandoned for commercial reasons and that Clause 9 of the BPTA only provided temporary relief from force majeure, not a permanent exit.
- CERC also ruled that BTPPL could relinquish the LTA only upon payment of relinquishment charges as per Regulation 18 of the Connectivity Regulations, 2009 and denied its request for a refund of the bank guarantee.
- Aggrieved by this decision, BTPPL filed an appeal before the Appellate Tribunal for Electricity (**APTEL**), challenging CERC's findings and asserting that the project failure was due to genuine force majeure events, making further execution of the agreement impracticable.

Issues at hand

- Does the Force Majeure Clause (Clause 9) in the BPTA allow permanent relief from contractual obligations?
- Is BTPPL liable to pay relinquishment charges if it exits the LTA due to force majeure?
- Should PGCIL return INR 36 Crores bank guarantee to BTPPL?

Decision of the Court/Tribunal

- The APTEL overturned the CERC's findings and ruled in favour of BTPPL, holding that Clause 9 of the BPTA permits permanent relief in cases of force majeure if the affected party finds it impracticable to continue the agreement.
- APTEL rejected CERC's interpretation that force majeure only provides temporary amnesty, clarifying that if unforeseen external factors render project execution impossible, the affected party cannot be compelled to fulfil contractual obligations.
- The tribunal acknowledged that BTPPL had incurred significant expenditure and made extensive efforts to develop the power project, but delays in land acquisition caused by government agencies, the non-renewal of the MoU by the State of Odisha, and the subsequent deallocation of coal blocks by the MoC were all genuine force majeure events that were beyond BTPPL's control.
- APTEL ruled that since the power plant never became operational due to these unavoidable circumstances, BTPPL could not be held liable for transmission

charges, as its inability to generate and evacuate power was not a voluntary abandonment of the project. The tribunal further held that PGCIL had no right to encash the INR 36 crore bank guarantee and directed its refund within two weeks.

- By setting aside CERC's decision, APTEL reaffirmed that force majeure clauses must be interpreted in a manner that does not unfairly penalize parties affected by circumstances beyond their control, thereby ensuring fairness in long-term power transmission agreements.

HSA
Viewpoint

This APTEL judgment rightly upholds fairness in power sector contracts by recognizing genuine force majeure events, such as government delays and coal deallocation, as valid grounds for project termination.

It prevents undue financial penalties on developers for circumstances beyond their control and ensures that force majeure clauses allow permanent relief when continuation is impracticable.

By ordering the refund of BTPPL's bank guarantee and exempting it from transmission charges, the ruling strengthens investor confidence and sets a crucial precedent for fair contractual enforcement in the electricity sector.

Power Exchange India Limited v/s Grid Controller of India

CERC's Order dated 1st March 2025 in Petition No. 11/MP/2024

Background facts

- The Petitioner in the instant case is Power Exchange India Limited (**PXIL**), a power exchange operating under the regulatory framework of the Central Electricity Regulatory Commission (**CERC**), responsible for facilitating electricity and Renewable Energy Certificate (**REC**) trading in India.
- The Respondent is Grid Controller of India Limited (**Gridco**) which oversees the operation of India's electricity grid and REC market.
- The dispute arose from PXIL's petition seeking approval for three new trading mechanisms for RECs: Single-Sided Reverse Auction, Single-Sided Forward Auction, and Continuous Matching Mechanism, under Section 66 of the Electricity Act, 2003, and Regulation 25 of the CERC (Power Market) Regulations, 2021.
- PXIL argued that the existing REC trading structure, limited to bi-monthly auctions, restricts market flexibility and disadvantages power exchanges compared to electricity traders, who can conduct REC transactions daily. PXIL proposed introducing additional auction-based and continuous trading mechanisms to improve market efficiency and liquidity.
- Gridco opposed the introduction of these new contracts, contending that they could lead to market liquidity fragmentation, increased volatility, and possible manipulation. It recommended a gradual approach, allowing only one of the proposed contracts on a trial basis before further expansion.

Issues at hand

- The primary issue was whether PXIL's proposed new trading mechanisms—Single-Sided Reverse Auction, Single-Sided Forward Auction, and Continuous Matching Mechanism—align with the regulatory framework under Section 66 of the Electricity Act, 2003, and Regulation 25 of the CERC (Power Market) Regulations, 2021.
- Secondly, the case raised the question of whether the introduction of these mechanisms would fragment market liquidity and disrupt price discovery in the REC segment, as argued by the Respondent, Gridco.
- Thirdly, whether CERC erred in rejecting the proposed mechanisms outright, rather than allowing a phased implementation or pilot project to assess market impact.
- Lastly, the case highlights the broader regulatory balance between fostering innovation in REC trading and ensuring market stability, particularly in light of

the obligations of power exchanges versus electricity traders who engage in daily REC transactions.

Decision of the Tribunal

- The Commission in Petition No. 11/MP/2024 made several key observations regarding the impact of the proposed REC trading mechanisms on market liquidity and regulatory compliance.
- Firstly, the Commission ruled that introducing the Single-Sided Reverse Auction would negatively impact liquidity in the REC market by locking in inventory and making it unavailable for other contracts, thereby rejecting its approval.
- Secondly, the Commission rejected the Single-Sided Forward Auction, holding that the incremental bidding process could lead to artificially inflated REC prices, increasing compliance costs for obligated entities and discouraging participation.
- Thirdly, the Commission denied approval for the Continuous Matching Mechanism, reasoning that it is more suited for electricity markets where real-time supply and demand fluctuations necessitate continuous trading, whereas REC demand is tied to compliance timelines.
- Lastly, while rejecting all three proposed mechanisms, the Commission acknowledged stakeholder concerns about REC trading frequency and directed Gridco to review market trends and recommend an appropriate increase in REC auction sessions on power exchanges.

HSA
Viewpoint

The Commission's decision underscores the importance of balancing market innovation with regulatory stability in the REC segment. By rejecting the proposed trading mechanisms, CERC reaffirmed its commitment to maintaining market liquidity and preventing price distortions. The ruling highlights that while increased flexibility in REC trading is desirable, it must not come at the cost of market fragmentation or excessive volatility.

Overall, the decision reflects a prudent regulatory stance, ensuring that any future changes to REC trading mechanisms are based on comprehensive market assessments and stakeholder input rather than premature market liberalization.

Solaire Surya Urja Private Limited v. Central Electricity Regulatory Commission & Others

APTEL's Order Dated 10th February 2025 in Appeal No. 126 of 2022.

Background facts

- The appellant, Solaire Surya Urja Private Limited (**SSUPL**), a solar power developer in Rajasthan, filed an appeal before Appellate Tribunal for Electricity (**APTEL**) against the Central Electricity Regulatory Commission (**CERC**)'s order dated August 4, 2021**,** in SSUPL v. NTPC & Ors., Petition No. 203/MP/2019.
- The dispute arose when SSUPL sought an extension of the Scheduled Commercial Operation Date (**SCOD**) for its two 70 MW solar power projects.
- The appellant claimed that the delay was not attributable to them but was due to the non-availability of adequate evacuation transmission infrastructure, which was the responsibility of the Respondent No.5, Rajasthan Rajya Vidyut Prasaran Nigam Limited (**RRVPNL**). However, CERC dismissed the petition, holding that the developer was responsible for the transmission connectivity and that NTPC was entitled to liquidated damages for the delay.
- The appellant sought extension up to August 11, 2017, because they couldn't commission the plant owing the RRVPNLs inability to provide the evacuation system. Moreover, for the capacity that was ready before the SCOD, RRVPNL halted the injection of the power.
- The appellant argued that the delay in commissioning the solar power projects was caused by RRVPNL failing to provide the necessary power evacuation infrastructure. This delay was beyond the appellant's control and should be considered a force majeure event, exempting them from penalties.

- The appellant claimed that under Clause 4.5.1(a) of the Power Purchase Agreement (**PPA**), they were entitled to an extension of the SCOD since the transmission constraints made it impossible to inject power into the grid.
- The appellant contended that NTPC had wrongfully deducted liquidated damages of Rs. 7.06 crore, despite knowing that the delay was due to RRVPNL's failure to provide transmission connectivity.
- The appellant presented evidence that its solar plants were ready for commissioning before SCOD but could not evacuate power due to network constraints.
- Respondent No.2, NTPC and RRVPNL argued that under the PPA, the developer was responsible for ensuring connectivity and transmission infrastructure readiness. They claimed that any delay in power evacuation could not be attributed solely to RRVPNL.
- NTPC contended that since the appellant failed to meet SCOD, liquidated damages were automatically applicable as per the PPA provisions and cited Section 74 of the Indian Contract Act, 1872, arguing that liquidated damages need not be justified further if a contractual breach occurred.

Issues at hand

- Whether the delay in commissioning the 2x70 MW solar power projects was due to reasons beyond the appellant’s control?
- Whether NTPC had the right to recover liquidated damages from the appellant for the delayed supply of power despite the delay being caused by transmission constraints?

Decision of the Court/Tribunal

- APTEL extended the SCOD until August 11, 2017, as requested by the appellant, recognizing that the phased commissioning was solely due to the unavailability of a sufficient transmission evacuation system, which only became available on 25.08.2017. Despite this delay, SSUPL worked diligently to achieve project readiness.
- APTEL held that NTPC was not entitled to recover liquidated damages, as the delay in power supply was not due to the appellant's fault but resulted from transmission constraints. NTPC was directed to refund any liquidated damages collected from the appellant within one month.
- APTEL reaffirmed that state transmission utilities like RRVPNL must ensure transmission readiness to facilitate timely power evacuation. It also ruled that solar developers cannot be penalized for delays beyond their control.

HSA
Viewpoint

By protecting developers from unfair liquidated damage claims, the ruling enhances investment security in the solar sector. However, it also highlights the need for better coordination among stakeholders and calls for clearer regulations in PPAs to prevent future disputes.

Additional Surcharge payable by Open Access consumers for the period of 1st April 2025 to 30th September 2025

GERC Order No. 1 of 2025 dated March 17, 2025

Background facts

- The Gujarat Electricity Regulatory Commission **(GERC)**, vide its Order dated August 30, 2022, had revised the methodology for calculating the Additional Surcharge payable by Open Access consumers. Under this mechanism, Gujarat Urja Vikas Nigam Ltd. **(GUVNL)** and four state-owned DISCOMs (DGVCL, MGVCL, PGVCL, and UGVCL) were directed to submit data, certified by the State Load Dispatch Centre **(SLDC)** and a Chartered Accountant, for each six-month period.
- In compliance with this order, GUVNL submitted data for the period from April 1, 2024, to September 30, 2024, for determining the Additional Surcharge applicable from April 1, 2025, to September 30, 2025. The submitted data

included stranded capacity, fixed cost obligations, and network-related costs paid by Open Access consumers.

- The calculation considered transmission and distribution (T&D) losses, with the lower of normative T&D losses for FY 2024-25 (14.59%) and trued-up T&D losses for FY 2022-23 (14.89%) being applied. Additionally, the proportion of network-related costs paid by Open Access consumers was set at 6.71%, as per the methodology outlined in the August 30, 2022, order.

Issues at hand

- Whether the calculation methodology for Additional Surcharge as per the August 30, 2022, order was correctly applied?
- Whether the computed surcharge ensured fair cost recovery while maintaining competitiveness for Open Access consumers?
- Whether the approved Additional Surcharge aligns with regulatory principles and consumer interests?

Decision of the Court/Tribunal

- The Commission determined that the Additional Surcharge for Open Access consumers for the period from April 1, 2025, to September 30, 2025, shall be Rs. 0.82/kWh.
- The surcharge calculation followed the formula established in the August 30, 2022, order, incorporating network costs, stranded generation capacity, and transmission and distribution losses.
- The Commission examined stranded generation costs and determined the fair allocation of financial burdens among Open Access consumers and general body consumers.
- The surcharge shall apply to Open Access consumers procuring power from sources other than their respective DISCOMs within Gujarat.
- The Commission emphasized that transparency in cost recovery is crucial for maintaining a balanced approach between DISCOM sustainability and consumer flexibility in power procurement.
- The data submitted by GUVNL was made publicly available on the websites of the DISCOMs, along with SLDC and Chartered Accountant certifications, ensuring transparency in surcharge determination.

HSA
Viewpoint

The Commission's decision aligns with regulatory objectives by ensuring equitable cost-sharing while allowing Open Access consumers to maintain flexibility. The determination of Rs. 0.82/kWh strikes a balance between covering stranded costs and encouraging competition in Gujarat's electricity market. By adhering to a structured methodology, the decision promotes transparency and predictability for stakeholders, ensuring stable power sector operations in the state.

M/s Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) vs. M/s Juniper Green Energy Private Ltd. (JGEPL)

MERC's Order in Case No. 224 of 2024 dated March 17,2025

Background facts

- The instant Petition was filed by MSEDCL under Section 63 of the Electricity Act, 2003 **(Act)** seeking approval for the discovered tariff of Rs. 2.75 per kWh for a period of 20 years, determined through a competitive bidding process for long term power procurement of 150 MW power from intra-state grid connected solar power projects.
- The bidding process was conducted in compliance with the Ministry of Power's guidelines dated 28 July 2023, which provide a framework for tariff-based competitive bidding for solar PV projects.
- MSEDCL issued a tender on 11 March 2024 for 1000 MW of solar power procurement under Phase XI. However, only two bidders participated, offering a total of 550 MW.

- MSEDCL, as an obligated entity, is required meet Renewable Purchase Obligation **(RPO)** targets and prefers actual renewable power procurement over Renewable Energy Certificates **(REC)**, which is in the interest of consumers in terms of the competitiveness of power purchase cost.
- Two bidders participated, Juniper Green Energy Pvt. Ltd. emerged as the lowest bidder at a tariff of Rs. 2.75 per kWh. The second bidder quoted a higher rate which was beyond the 3% threshold, making it ineligible for allocation.
- The discovered tariff (Rs. 2.75/kWh) was lower than the Average Power Purchase Cost **(APPC)** of Rs. 4.81/kWh approved by MERC for FY 2023-24, making it a cost-effective choice for power procurement.

Issues at hand

- Whether the competitive bidding process for 150 MW solar procurement adhered to Section 63 of the Act, 2003, and the guidelines set by the Ministry of Power?
- Whether the discovered tariff of Rs. 2.75 per kWh was reasonable and reflective of market conditions?
- Whether MSEDCL should be permitted to proceed with signing a Power Purchase Agreement (**PPA**) with the successful bidder?

Decision of the Court/Tribunal

- The Hon'ble Commission reviewed the bidding process and determined that it was transparent and in compliance with the applicable regulations. It was observed that the tariff was is market-reflective and competitive as compared to previously approved tariffs and aligned with market trends.
- The Commission approved the procurement of 150 MW of solar power at Rs. 2.75 per kWh and allowed MSEDCL to execute a PPA with Juniper Green Energy Pvt. Ltd.
- The solar power procured under this arrangement was deemed eligible for MSEDCL's RPO compliance.

HSA
Viewpoint

This decision by the Hon'ble Commission ensures that MSEDCL can secure cost-effective renewable energy while meeting its RPO targets and the approval of the discovered tariff provides stability for long-term solar power procurement and supports Maharashtra's renewable energy growth.

Recent tariff trends indicate that solar power prices have been gradually declining, with previous MSEDCL tenders discovering tariffs in the range of Rs. 2.79 - Rs. 2.91 per kWh. The current tariff of Rs. 2.75 per kWh represents a further reduction, reflecting increased competition and improving solar technology efficiency.

The Tata Power Company Limited – Distribution (TPC - D)

MERC's Order in Case No. 194 of 2024 dated February 26,2025

Background facts

- The Petitioner, Tata Power Company Ltd. filed this Petition, under Section 63 of the Electricity Act, 2003 **(Act)** and MERC Multi – Year Tariff Regulations, 2020, before the Maharashtra Electricity Regulatory Commission **(MERC)** seeking approval for the medium-term procurement of 200 MW power and deviations in the Model Bidding Documents issued by the Ministry of Power to meet the demand and secure power supply from FY 2025-26 to FY 2026-27.
- The Petitioner had already tied up power through long-term and medium-term agreements, but a projected shortfall of 206 MW in FY 2025-26 and 240 MW in FY 2026-27 necessitated additional procurement.
- A Medium-Term Distribution Resource Adequacy Plan **(MT-DRAP)** was submitted by the Petitioner on 30 September 2024 in compliance with RA Regulations, 2024.

- The Petitioner proposed to procure 200 MW RTC power under a "Lumpsum Tariff" model through an open competitive bidding process conducted on the DEEP e-Bidding Portal, following guidelines issued by the Ministry of Power **(MoP)**. The bidding documents submitted by the Petitioner were based on the Model Bidding Document notified by MoP on 29 January 2019, but with specific deviations to suit the requirements of the Petitioner.
- On 3 July 2024, MERC issued a notification specifying the timelines for submission of Resource Adequacy Plans, and the Petitioner submitted detailed sales and demand projections on 23 August 2024.
- The demand forecast was categorized into four segments: constant load, changeover sales, sales with trend and seasonal variations, and major load additions based on consumer applications.
- Based on these projections, the Petitioner determined the required power capacity after factoring in transmission losses, renewable purchase obligations, and peak demand considerations.
- The Petitioner sought approval for certain deviations from the Model Bidding Document, including changing the delivery point to Maharashtra STU Periphery, removing peak/off-peak availability clauses, reducing minimum bid capacity from 100 MW to 50 MW, modifying PPA extension provisions, and eliminating the escrow payment mechanism in favour of a Letter of Credit.
- An e-hearing was conducted on 17 December 2024, where TPC-D reiterated its submissions, and MERC allowed TPC-D to initiate the bidding process for 200 MW RTC power.

Issues at hand

- Whether the proposed medium-term procurement of 200 MW power was necessary and aligned with the projected demand?
- Whether the deviations sought by TPC-D in the Model Bidding Documents were justified and in the best interest of consumers?
- Whether approving the deviations would ensure a competitive bidding process and attract adequate participation?

Decision of the Court/Tribunal

- The Commission analysed the Petitioner’s demand projections and found the procurement necessary to meet future load requirements and ensure uninterrupted power supply.
- The Commission approved the proposed deviations in the bidding documents, including, setting Maharashtra STU Periphery as the delivery point for bid evaluation, removing peak and off-peak availability requirements to streamline RTC power procurement, reducing the minimum bidding capacity from 100 MW to 50 MW to encourage participation, allowing an extension of the PPA term for one year instead of six months, removing the escrow mechanism and relying solely on a Letter of Credit for payment security.
- The Commission permitted TPC-D to proceed with the bidding process and directed it to approach MERC for tariff adoption post-bidding.

HSA
Viewpoint

The Hon’ble Commission approved the deviation in the Tata Power’s procurement process, this increases flexibility, making it more attractive for bidders. This also promotes competition, which can lead to cost reductions and ensure a reliable, cost-effective power supply while addressing projected shortages in Maharashtra. Additionally, removing the escrow requirement reduces administrative burdens without compromising financial security, as protection is maintained through a Letter of Credit.

Further, the decision aligns with Maharashtra's regulatory objectives by optimizing procurement processes and ensuring energy security. By streamlining procurement and facilitating smoother transactions, Tata Power can efficiently meet its energy obligations while securing affordable power for consumers. This strengthens the electricity market's overall stability and sustainability.

Jaipur Vidyut Vitran Nigam Ltd., Ajmer Vidyut Vitran Nigam Ltd., Jodhpur Vidyut Vitran Nigam Ltd.

RERC's Order in Petition No. RERC/2093/2025 dated February 27, 2025

Background facts

- The Petitioners, Jaipur Vidyut Vitran Nigam Ltd., Ajmer Vidyut Vitran Nigam Ltd., and Jodhpur Vidyut Vitran Nigam Ltd. filed the instant Petition before the Rajasthan Electricity Regulatory Commission (**RERC**) under Section 86(1) and 181 of the Electricity Act, 2003 and Regulation 21 of RERC (Grid Interactive Distributed Renewable Energy Generating Systems) Regulations, 2021 **(RERC DREGS Regulations, 2021)**.
- The Petition sought amendments in the RERC DREGS Regulations, 2021, to relax certain provisions and promote rooftop solar (**RTS**) installation in Rajasthan under the PM Surya Ghar Muft Bijli Yojana, announced on 13 February 2024.
- It was argued that Rajasthan, being solar-rich, was actively promoting RTS through faster processes like same-day load enhancement and expedited meter testing. Further, the Petitioner's challenged Regulation 4.2, which disqualified consumers with pending arrears from Net Billing or Net Metering, arguing that RTS installation should not be linked to outstanding dues.
- The Petitioner's sought:
  a. Deletion of Regulation 8.3, waiving application fees and security deposit to encourage adoption.
  b. Removal of Regulation 9, which mandated a connection agreement, citing it as time-consuming.
  c. Waiver of meter testing charges under Regulation 11.6, as MNRE incentives already supported RTS adoption.
- Petitioners provided data on MNRE incentives received from FY 2019-20 to FY 2022-23, amounting to ₹155.43 crore, to justify financial viability.
- Petitioners amended their petition and withdrew their request to delete Regulation 4.2, citing financial risks for Discoms but retained their demand for waivers under Regulations 8.3, 9, and 11.6.

Issues at hand

- Whether application fees, security deposits, and meter testing charges should be waived to encourage adoption of rooftop solar?
- Whether amendments in the regulations would facilitate wider adoption of rooftop solar under the PM Surya Ghar Muft Bijli Yojana while ensuring financial stability for Discoms?

Decision of the Court/Tribunal

- While analysing the submissions made on behalf of the parties and the relevant facts and circumstances, the Hon'ble Commission held that the proposed amendments align with the objectives of PM Surya Ghar Muft Bijli Yojana, which aims to promote solar energy adoption among residential households. The requested relaxations will facilitate faster implementation of rooftop solar projects, reduce transmission losses, and generate local employment.
- Under Regulation 21 (Power to Relax), the Commission has the authority to amend regulations for the public interest and while exercising this power, the Hon'ble Commission approved the following:
  a. Waiver of application fees and security deposits under Regulation 8.3.
  b. Elimination of the requirement for a connection agreement under Regulation 9
  c. Waiver of meter testing charges under Regulation 11.6.
- The Hon'ble Commission made the order effective immediately and held that the same is applicable until the installation of 5 lakh rooftop solar systems or any other target set by the State Government is completed.

HSA
Viewpoint

The Commission's decision aims to remove financial and procedural barriers, thereby encouraging widespread adoption of rooftop solar systems in Rajasthan while aligning with national energy goals.

The removal of financial barriers will encourage wider adoption of rooftop solar, making renewable energy more accessible. However, maintaining restrictions on consumers with arrears ensures financial stability for Discoms, preventing revenue losses. These amendments align with national renewable energy policies and will significantly contribute to Rajasthan's solar energy expansion, promoting sustainable growth while securing a viable financial model for Discoms.

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TAXATION

CORPORATE & COMMERCIAL

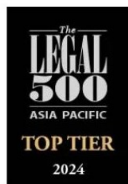
ENVIRONMENT, HEALTH & SAFETY

PROJECTS, ENERGY & INFRASTRUCTURE

REGULATORY & POLICY

TECHNOLOGY, MEDIA & TELECOMMUNICATIONS

GLOBAL RECOGNITION



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