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PROJECTS, ENERGY & INFRASTRUCTURE

MONTHLY NEWSLETTER

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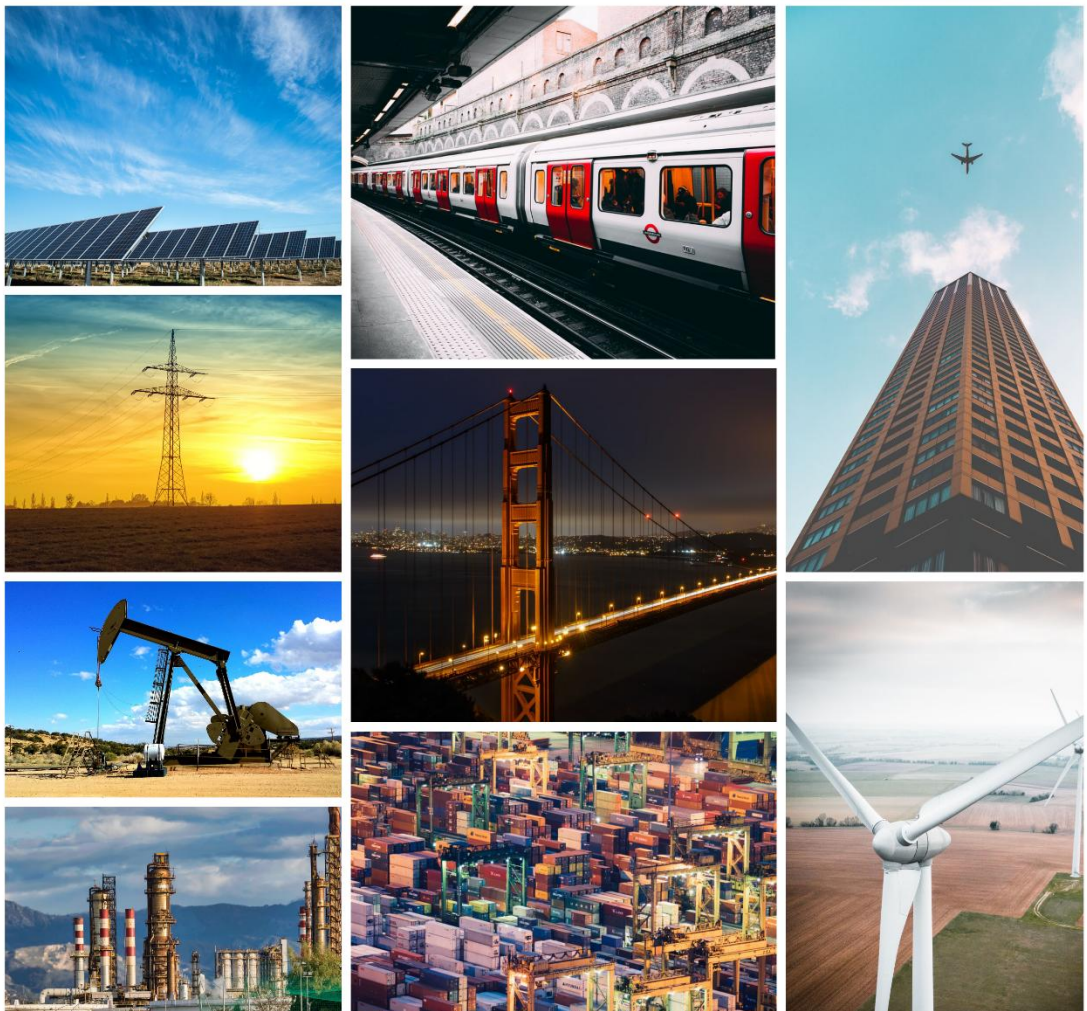
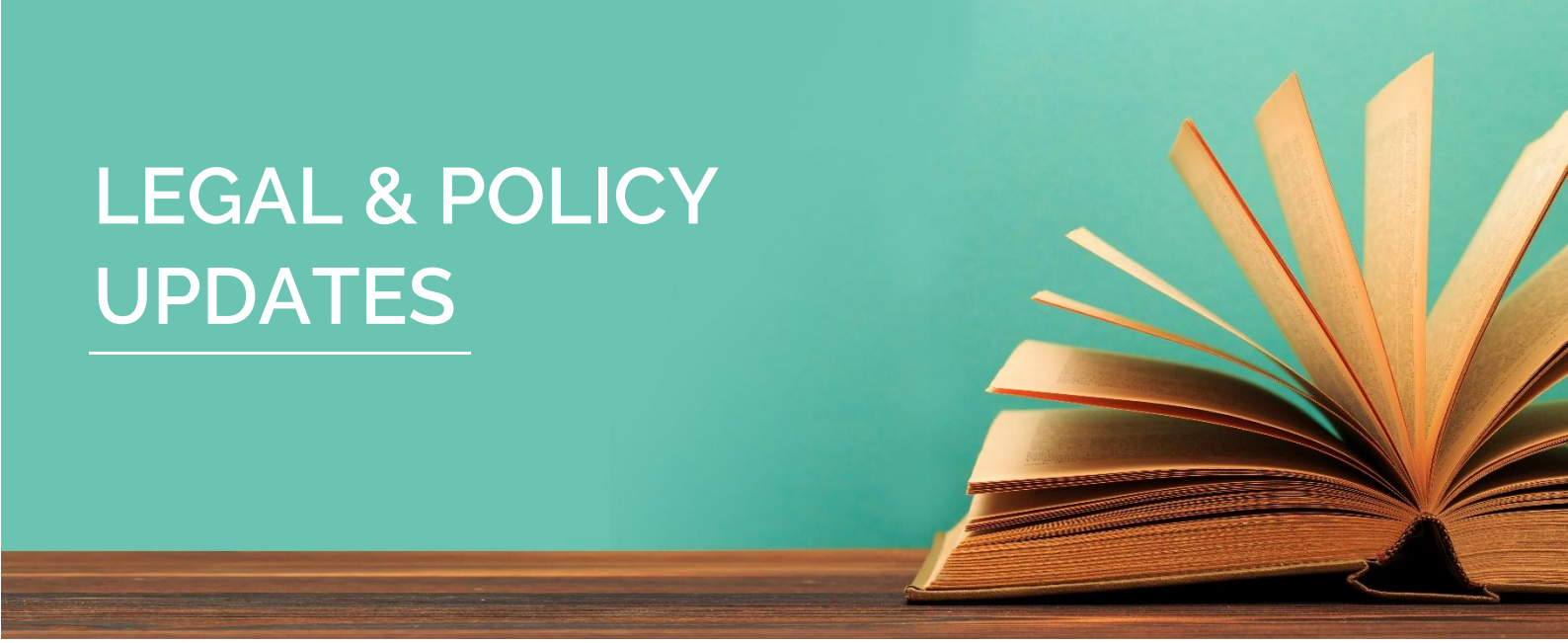


LEGAL & POLICY UPDATES



In this Section

Ministry of New and Renewable Energy issues Operational Guidelines for implementation of the Small Hydro Power Development Scheme for FY 2026-27 to FY 2030-31.

- The Ministry of New and Renewable Energy ("**MNRE**"), vide notification dated May 15, 2026, has issued the Operational Guidelines for implementation of the Small Hydro Power ("**SHP**") Development Scheme for projects from 1 MW to 25 MW capacity for the period FY 2026-27 to FY 2030-31.
- The Scheme has been approved with a total financial outlay of Rs. 2,584.60 crore, including Rs. 2,532.60 crore towards Central Financial Assistance ("**CFA**") for SHP projects, Rs. 30 crore for preparation of Detailed Project Reports ("**DPRs**"), Rs. 8 crore for support to technical institutions, and Rs. 14 crore for IEC activities, capacity building, international cooperation and Project Monitoring Unit. Solar Energy Corporation of India Limited ("**SECI**") has been designated as the National Programme Implementing Agency for the Scheme.
- The key highlights of the Guidelines are as follows:
  - The Scheme aims to support installation of approximately 1,500 MW of new SHP capacity across India during FY 2026-27 to FY 2030-31, with special emphasis on hilly and North-Eastern States.
  - The Scheme is expected to avoid approximately 4.3 million tons of CO_2 emissions annually after commissioning of 1,500 MW SHP capacity.
  - SHP projects having an installed capacity of not less than 1 MW and up to 25 MW are eligible under the Scheme.
  - Eligible projects are required to be allotted through a transparent and competitive bidding process. However, where competitive bidding is attempted but does not result in successful outcomes, the project may be allotted to a government sector entity/department on nomination basis.
  - Applications under the Scheme are required to be submitted only through the online SHP portal. The applications will be verified by the concerned State Nodal Agency and thereafter scrutinised/recommended by SECI to MNRE for sanction.
  - The first instalment of CFA, being 50% of the eligible CFA, may be availed upon completion of 50% physical progress and 50% financial progress. The first instalment is optional and may also be claimed along with the final instalment.
  - The second/final instalment of CFA will be released upon completion of the project, achievement of Commercial Operation Date and achievement of a minimum 80% monthly generation for at least one calendar month within one year from COD.

- The projects are required to be completed within 4 years from the date of start of construction, with a possible grace period of 1 year for justified delays. Delay beyond the prescribed timeline will result in reduction of CFA at 4% of the total eligible CFA for every quarter of delay. No CFA will be considered where COD is not achieved within 7 years from the date of start of construction.

MNRE rules out blanket extension of ALMM List-II deadline and allowed only project-specific exemptions

- The MNRE, vide Office Memorandum dated May 25, 2026, has clarified that no blanket extension of the deadline of June 01, 2026 deadline for mandatory sourcing of solar PV cells from ALMM List- II will be granted for Net-Metering projects and Open Access renewable energy projects.
- As per MNRE's earlier framework, Net-Metering projects and Open Access renewable energy projects commissioned on or after June 01, 2026 are required to mandatorily source solar PV modules from ALMM List-I and solar PV cells from ALMM List-II.
- MNRE noted that it had received several representations seeking extension/non-extension of the aforesaid timeline. After consultations with industry representatives, including solar PV manufacturers and solar power developers, MNRE observed that policy stability is necessary to ensure long-term investor confidence in the domestic solar PV manufacturing sector. At the same time, MNRE recognised that actual investments already made by RE developers also require protection on a case-by-case basis.
- The key highlights of the Office Memorandum are as follows:
  - MNRE has decided that no blanket extension of the ALMM deadline of June 01, 2026 will be granted. However, Net-Metering/Open Access RE power projects, where installation of solar modules is completed but the project has not been commissioned, or where effective steps have been taken by developers towards grounding the project, may be considered for appropriate time-extension on a case-to-case basis.
  - Such case-specific time-extension will be considered only after objective assessment of supporting information/documentary proof furnished by the concerned developers.
  - MNRE has classified eligible cases into two categories:
  - Category **I**: Solar PV modules installed on the project site, but project not commissioned before June 01, 2026.
  - **Category II**: Effective steps taken for grounding the project, but project not commissioned before June 01, 2026.
  - For **Category I**, the developer must establish that before June 01, 2026, 100% of the solar PV modules required for the project had been installed at the project site. The supporting document required is approval/certification from the office of the Electrical Inspectorate to the concerned Government on the DC side installations, including installation of solar PV modules.
  - For **Category II**, the developer is required to satisfy all prescribed conditions relating to land, financial closure, connectivity, approval of electrical drawings, and either arrival or partial installation of solar PV modules at the project site.
  - Under the land requirement, the developer must show that prior to June 01, 2026, it had clear possession of at least 75% of the land required for the project through registered ownership/lease or Government allotment letters.
  - The developer must also show that prior to June 01, 2026, the project had achieved financial closure and had received in-principle grant of connectivity, with the start date of connectivity being before June 01, 2026.
  - Further, prior to June 01, 2026, approval must have been obtained from the office of the Electrical Inspectorate for the electrical drawings, including Single Line Diagram, for the project.
  - In addition, the developer must satisfy either of the following solar PV module-related conditions:

    - before the date of the Office Memorandum, 100% of the solar PV modules required for the project had arrived at the project site; or
    - before June 01, 2026, more than 50% of the solar PV modules required for the project had been installed at the project site.
- All claims/information are required to be submitted by interested RE power developers in the prescribed format on the portal developed by the National Institute of Solar Energy ("**NISE**") by June 30, 2026.
- The claims will be examined by an Expert Committee to be constituted by MNRE, which will recommend project-wise, case-to-case claims based on information submitted by the developers. Field inspections may also be undertaken by the Committee or any other agency as per operational necessity.

MNRE simplifies procedure for ALMM List-II exemption for eligible rooftop solar projects

- The MNRE, vide Office Memorandum dated June 15, 2026, has issued a clarification to its earlier Office Memorandum dated May 25, 2026 in relation to claiming exemption from the applicability of ALMM List-II for rooftop solar projects.
- MNRE noted that it had received several representations seeking a simplified procedure for claiming exemption from ALMM List-II in respect of rooftop solar PV power projects which had been installed before June 01, 2026, but could not be commissioned by the concerned DISCOM under the net-metering framework before June 01, 2026 due to valid reasons.
- The key highlights of the Office Memorandum are as follows:
    - Rooftop solar PV projects which had been installed before June 01, 2026, but could not be commissioned by the concerned DISCOM under the net-metering framework before June 01, 2026 due to valid reasons, may apply for exemption from ALMM List-II through the designated portal.
    - For claiming such exemption, the developer or consumer is required to establish that before June 01, 2026, 100% of the solar PV modules required for the project had been installed at the project site.
    - The dispensation window will remain available only for one month from the date of issuance of the Office Memorandum, within which all such projects are required to be commissioned.
    - In case any project is delayed due to issues with the concerned DISCOM, the same is required to be recorded in writing while issuing the commissioning certificate.
    - MNRE has clarified that this relaxation is limited to addressing a transitional situation and shall not be treated as an extension of the effective date of June 01, 2026 for applicability of ALMM List-II for commissioning of net-metering/open access renewable power projects.

Andhra Pradesh Electricity Regulatory Commission issues the Second Amendment to the Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions for Tariff Determination from Renewable Energy Sources) Regulation, 2025)

- The Andhra Pradesh Electricity Regulatory Commission ("**APERC**"), in exercise of its powers under Sections 61, 62, 86(1)(b) read with Section 181 of the Electricity Act, 2003 has notified the Second Amendment to the APERC (Terms and Conditions for Tariff Determination from Renewable Energy Sources) Regulation, 2025 ("**Second Amendment**") on May 21, 2026.
- The Second Amendment primarily removes the requirement for Renewable Hybrid Energy Projects to be connected at a single interconnection point, thereby permitting wind, solar and storage components to be connected at the same or different interconnection point(s).
- The key highlights of the amendment are as follows:

- The definition of "**Renewable hybrid energy project**" has been amended to cover renewable energy projects generating electricity from a combination of renewable energy sources connected at the same or different interconnection point(s).
- The definition of "**Renewable energy with storage project**" has also been amended to include renewable hybrid energy projects with storage connected at the same or different interconnection point(s).
- For a renewable hybrid energy project, the rated capacity of one renewable energy source must be at least 25% of the rated power capacity of the other renewable energy source.
- Energy may be injected at the same or different interconnection point(s), with metering to be undertaken at the respective interconnection point(s).
- Each 1 MW of contracted Wind-Solar Hybrid Project is required to achieve a minimum Capacity Utilisation Factor ("**CUF**") of 40%.
- APERC will determine project-specific CUF for renewable hybrid energy projects, considering the proportion of rated capacity of each renewable energy source and the applicable CUF for such sources.

Rajasthan Electricity Regulatory Commission has notified the RERC (Demand Flexibility (DF)/Demand Side Management (DSM)) Regulations, 2026

- The Rajasthan Electricity Regulatory Commission (RERC), in exercise of its powers under Sections 3, 61, 66, 86 and 181 of the Electricity Act, 2003, has notified the Rajasthan Electricity Regulatory Commission (Demand Flexibility (DF)/Demand Side Management (DSM)) Regulations, 2026 (Regulations). The Regulations have been published in the Rajasthan Gazette dated June 15, 2026 and shall come into force from the date of their publication. However, the Demand Flexibility Portfolio Obligation (DFPO) under Regulation 3.4.1(c) shall be effective from April 1, 2026, with FY 2026–27 being treated as the initial load research and capacity-building year.
- The Regulations apply to all distribution licensees, including deemed distribution licensees, operating in the State of Rajasthan. They introduce a comprehensive regulatory framework for integrating demand flexibility and demand side management as part of distribution planning and grid operations.
- The Regulations introduce several new concepts including Demand Flexibility (DF), Demand Response (DR), Demand Flexibility Portfolio Obligation (DFPO), Aggregator, Flexibility Event, DF Gateway and DF/DSM Resources. They also formally recognise aggregators for providing demand response, distributed generation and energy storage services, while expressly excluding fossil fuel-based diesel generators from qualifying as DF/DSM resources.
- Every distribution licensee is required to establish a dedicated DF/DSM Cell, headed by an officer not below the rank of Chief Engineer, to plan, implement, monitor and evaluate DF/DSM programmes on a continuous basis. The Regulations require licensees to integrate demand flexibility into routine grid operations with the objectives of reducing system costs, facilitating renewable energy integration, improving energy efficiency, reducing greenhouse gas emissions and protecting consumer interests.
- The Regulations require distribution licensees to prepare a rolling DF/DSM Portfolio and Implementation Plan along with their MYT/ARR filings. Licensees are also required to undertake load research, identify network-constrained areas, conduct consumer awareness programmes, maintain digital registers of aggregators and demand flexibility resources, coordinate with the State Load Despatch Centre (SLDC), and submit periodic implementation and measurement reports to the Commission.
- The Regulations prescribe phased Demand Flexibility Portfolio Obligation (DFPO) targets based on the previous year's peak demand. Distribution licensees are required to achieve demand flexibility equivalent to 0.25% of peak demand in FY 2026–27, 1% in FY 2027–28, 1.5% in FY 2028–29 and 2% in FY 2029–30, with subsequent targets to be notified by the Commission. These obligations may be fulfilled either through the licensee's own programmes or through registered aggregators.
- The Regulations introduce a performance-linked incentive framework for compliance with DFPO targets. Distribution licensees shall be entitled to an

incentive of INR 0.20 crore per MW for every MW achieved in excess of the prescribed DFPO target and shall be liable to a disincentive of INR 0.20 crore per MW for every MW of shortfall. No disincentive shall apply during FY 2026–27, which has been designated as the preparatory year.

- The Regulations require distribution licensees to identify DF/DSM Zones annually in areas experiencing network constraints and to prioritise implementation of demand flexibility measures in such areas. Illustrative programmes include smart EV charging (G2V/V2G), behind-the-meter battery energy storage systems, heat pumps, thermal energy storage, cold storage programmes, replacement of inefficient appliances, behavioural demand response programmes, agricultural load shifting, demand aggregation through aggregators, and advanced building management systems.
- The Regulations further provide that participation in demand response programmes shall ordinarily remain voluntary, require consumer consent and data privacy safeguards, and permit consumers to switch aggregators without incurring additional costs. Distribution licensees are also required to publish annual DF/DSM-related documents, including load research reports, implementation plans, evaluation reports and programme status reports, while ensuring compliance with the Digital Personal Data Protection Act, 2023.
- The Regulations permit recovery of prudently incurred DF/DSM-related expenditure through MYT/ARR proceedings, subject to cost-effectiveness evaluation. They prescribe a structured framework for evaluating programmes through Total Resource Cost (TRC), Ratepayer Impact Measure (RIM) and Lifecycle Revenue Impact (LRIM) tests, ensuring that only economically efficient programmes with acceptable tariff impacts are implemented).

RECENT JUDGMENTS

In this Section

Uttarakhand Power Corporation Limited v. M/s India Glycols Limited & Ors.

Appellate Tribunal for Electricity's (APTEL) Judgment dated May 18, 2026 in Appeal No. 190 of 2018

Background facts

- The Appellant, Uttarakhand Power Corporation Limited (UPCL), challenged the order dated April 12, 2018 passed by the Uttarakhand Electricity Regulatory Commission (UERC) in a suo motu proceeding initiated on a representation made by M/s India Glycols Limited (India Glycols). By the impugned order, UERC held that long- term and medium-term open access consumers are not liable to pay cross subsidy surcharge under Regulation 22 of the UERC (Terms and Conditions of Intra State Open Access) Regulations, 2015 (2015 Open Access Regulations) and directed UPCL to refund the amount already recovered from such consumers through adjustment in subsequent electricity bills.
- UPCL had sought to levy cross subsidy surcharge on power procured by India Glycols through MTOA, contending that such surcharge had earlier not been levied due to an inadvertent omission. India Glycols disputed the demand and submitted that Regulation 22 of the 2015 Open Access Regulations exempted MTOA consumers from payment of cross subsidy surcharge. Upon receiving the representation, UERC initiated suo motu proceedings, heard all stakeholders and passed the impugned order in favour of the open access consumers.
- India Glycols disputed the demand and submitted that Regulation 22 of the 2015 Open Access Regulations exempted MTOA consumers from payment of cross subsidy surcharge. Upon receiving the representation, UERC initiated suo motu proceedings, heard all stakeholders and passed the impugned order in favour of the open access consumers.

Issues at Hand

- Whether the dispute raised by India Glycols was merely a billing dispute requiring adjudication by the Consumer Grievance Redressal Forum (CGRF), or whether UERC had jurisdiction to entertain the dispute involving interpretation of the Open Access Regulations?
- Whether, in terms of the second proviso to Regulation 22 of the UERC (Terms and Conditions of Intra State Open Access) Regulations, 2015, cross subsidy surcharge is exempted for all long-term and medium-term open access consumers or only for those consumers who have established captive generating plants?

Decision of the Tribunal

- APTEL rejected UPCL's contention that the matter constituted a simple billing dispute. The Tribunal observed that the controversy related to interpretation of Regulation 22 of the 2015 Open Access Regulations and determination of the rights and liabilities of open access consumers.

Pimpri Chinchwad Municipal Corporation v. Maharashtra State Electricity Distribution Company Limited.

Removal of Difficulty in Implementation of Regulation 4.21 of the MERC (Approval of Capital Investment Schemes) Regulations, 2022 for submission of Detailed Project Reports (DPRs).

Maharashtra State Transmission Utility v. Lodha Developers Limited & Maharashtra State Electricity Transmission Company Limited.

Enfinity Global Surya Vayu Energy Pvt. Ltd. v. Gujarat Energy Transmission Corporation Ltd. (GETCO).

German Green Steel and Power Limited v. Gujarat Energy Transmission Corporation Limited (GETCO).

Bhathwari Technologies Pvt. Ltd. v. Gujarat Energy Transmission Corporation Ltd. (GETCO).

Durga Processors Pvt. Ltd. v. Gujarat Energy Transmission Corporation Ltd. & Ors. (GETCO).

Viowin Renewable Pvt. Ltd. v. Gujarat Energy Transmission Corporation Ltd. & Ors.

Suo moto proceedings in the matter of Non-Compliance of Regulation 16.11.1 read with Regulation 17 of the Uttar Pradesh Electricity Regulatory Commission (Standards of Performance) Regulations, 2019.

M/s Lanxess India Pvt. Ltd. v. Chief Engineer, MP State Load Despatch Centre (MPSLDC) & Anr.

Apraava Renewable Energy Private Limited (formerly known as CLP Wind Farms (India) Private Limited) v. M.P. Power Management Company Limited (MPPMCL).

M/s M.B. Power Madhya Pradesh Limited v. M.P. Power Management Company Limited & Ors.

PM Mitra Park Madhya Pradesh Ltd. v. MP Paschim Kshetra Vidyut Vitaran Co. Ltd. & Ors.

The Tribunal reiterated that disputes involving interpretation, clarification or explanation of regulations fall exclusively within the jurisdiction of the State Regulatory Commission and cannot be adjudicated by the CGRF or Ombudsman. Therefore, UERC was justified in initiating suo motu proceedings and deciding the issue.

- While interpreting the second proviso to Regulation 22, APTEL examined the wording of the provision and held that although the proviso was not drafted in a grammatically accurate manner, its intent was to create two separate categories exempted from payment of cross subsidy surcharge, namely:
  - long-term and medium-term open access consumers; and
  - persons who have established captive generating plants for carrying electricity to the destination of their own use.
- The Tribunal held that the word "such" appearing before the phrase "open access consumer" was merely superfluous and could not be interpreted in a manner that restricted the exemption only to those long-term or medium-term open access consumers having captive generation facilities.
- APTEL further noted that while courts ordinarily cannot rewrite statutory provisions, they are empowered to adopt an interpretation that removes drafting defects and gives effect to the true intention of the law-making authority. The Tribunal relied upon principles of purposive interpretation to construe the proviso in a manner that made it workable.
- The Tribunal also took note of UERC's clarification that the regulatory intent behind exempting long-term and medium-term open access consumers from cross subsidy surcharge was to promote open access, particularly considering the prevailing power shortage in the State.
- Accordingly, APTEL found no infirmity in the impugned order and dismissed UPCL's appeal, upholding the exemption from cross subsidy surcharge for long-term and medium-term open access consumers.

HSA
Viewpoint

The judgment provides significant clarity on the scope of regulatory jurisdiction vis-à-vis consumer grievance forums by reaffirming that disputes requiring interpretation of tariff orders or open access regulations fall within the exclusive domain of the State Electricity Regulatory Commission. The ruling is also important from an open access perspective as it adopts a purposive interpretation of Regulation 22 and confirms that long-term and medium-term open access consumers constitute an independent category exempt from payment of cross subsidy surcharge. The decision strengthens regulatory certainty for industrial consumers procuring electricity through open access mechanisms.

TRN Energy Private Limited v. PTC India Limited & Ors.

Central Electricity Regulatory Commission's Order Dated June 15th , 2026 in Miscellaneous Petition No. 54 of 2019

Background facts

- The Petitioner, MB Power (Madhya Pradesh) Limited, developed a 2 × 300 MW coal-based thermal generating station in Chhattisgarh and agreed to supply 390 MW of power to the Uttar Pradesh Discoms through PTC India Limited under a back-to-back contractual arrangement. For this purpose, PTC entered into a Procurers' Power Purchase Agreement (Procurers' PPA) with the Uttar Pradesh Discoms and a corresponding PTC-PPA with the Petitioner, with both agreements being inextricably linked. The Scheduled Delivery Date (SDD) under the PPAs was 30 October 2016. The project also required Long-Term Access (LTA) through the Inter-State Transmission System for evacuation of the contracted power.
- Although the Petitioner had obtained partial LTA earlier, it was required to obtain and operationalise the balance transmission access for supplying the entire contracted capacity. The process was delayed due to non-availability of the associated transmission system, rejection of its initial LTA modification application for want of STU NoC, and subsequent operationalisation of the

remaining transmission facilities only in April 2017. Meanwhile, the Petitioner commissioned Unit-I on 19 August 2016 and Unit-II on 1 May 2017, commenced supply of 150 MW from 2 December 2016 and achieved supply of the full contracted capacity of 390 MW only from 17 May 2017. The Petitioner therefore claimed that the "First Contract Year" tariff should commence from 17 May 2017 rather than from 2 December 2016.

- Apart from the tariff dispute, the Petitioner alleged several contractual breaches by PTC, including delayed payment of monthly bills, wrongful deduction of rebates, failure to establish the Payment Security Mechanism (PSM) in the form of an irrevocable Letter of Credit before the Scheduled Delivery Date, wrongful deduction of trading margin, delayed reimbursement of transmission (PoC) charges, and improper deduction of TDS. The Petitioner contended that these defaults caused severe financial stress, ultimately affecting its ability to meet obligations towards PGCIL and other stakeholders.
- PTC and UPPCL disputed these allegations. They argued that the delay in achieving full supply was attributable to the Petitioner's own delay in commissioning the generating units and in obtaining the requisite LTA, that payments had been made substantially in accordance with the contractual framework, and that many disputes arose because the parties had mutually adopted practices outside the express provisions of the PPAs. The Commission was therefore required to determine the maintainability of the petition and adjudicate the disputes relating to the First Contract Year tariff, payment obligations, Payment Security Mechanism, transmission charges and trading margin.

Issues at hand

- Whether the petition was maintainable before CERC?
- Whether the Petitioner was entitled to treat 17.05.2017 as the Scheduled Delivery Date and claim the First Contract Year tariff from that date?
- Whether PTC had wrongfully delayed payments and wrongly deducted rebates from the Petitioner's bills?
- Whether PTC had breached its obligation to establish the Payment Security Mechanism (PSM) and whether it was liable for wrongful deduction of trading margin?
- Issue 5: Whether PTC had wrongfully delayed reimbursement of transmission charges and improperly deducted TDS?

Decision of the Tribunal

- Ld. Comm'n answered this issue in the affirmative. It held that the dispute involved a generating company, an inter-State trading licensee (**PTC**) and the Uttar Pradesh Discoms under a back-to-back arrangement for inter-State supply of electricity. Relying on its earlier order in Petition No. 77/MP/2018, the Commission reiterated that such disputes are maintainable under Sections 79(1)(b) and 79(1)(f) of the Electricity Act, 2003. The fact that tariff had earlier been adopted by UPERC under Section 63 did not divest CERC of jurisdiction because the generating station supplied power across State boundaries through an inter-State trading arrangement.
- Ld. Comm'n rejected the claim. It held that the PPAs fixed the Scheduled Delivery Date as October 30,2016, and neither party had produced any agreement modifying that date or permitting staggered commencement of supply before the SDD as contemplated under Article 3.3 of the PPA. Although transmission constraints constituted a force majeure event to some extent, the Petitioner itself had delayed commissioning of its generating units and had not been fully ready to supply power. Applying the principle that no party can take advantage of its own default, the Commission held that the Petitioner could not postpone the First Contract Year merely because it commenced full supply only on May 17,2017. Accordingly, the First Contract Year remained applicable from December 2,2016 to March 31,2017, with the second contract year commencing from April 1,2017.
- Ld. Comm'n partly accepted the Petitioner's grievance. The Commission held that the rebate mechanism under Article 8.3.6 expressly permits rebate even on part payments of provisional bills, and therefore PTC was entitled to claim rebate on such payments. However, insofar as disputes arose regarding rebates deducted on advance payments voluntarily agreed between the parties, the Commission directed the parties to reconcile the accounts. It further directed that revised bills be raised based on its findings regarding the applicable

contract year and that all consequential financial adjustments be reconciled within the stipulated period.

- Ld. Comm'n held that PTC was contractually obliged under Article 8.4.1 of the PTC-PPA and the Trading Licence Regulations to establish an unconditional, revolving and irrevocable Letter of Credit one month before the Scheduled Delivery Date. The Commission found that PTC had failed to establish the Payment Security Mechanism within the contractual timeline and that subsequent opening of Letters of Credit did not cure the earlier breach. However, issues relating to computation of trading margin and consequential financial adjustments were directed to be reconciled between the parties in accordance with the Commission's findings.
- Ld. Comm'n observed that the disputes relating to transmission charges involved delayed reimbursement by PTC, direct payments made by UPPCL to PGCIL, adjustment of such payments against energy charges and deduction of TDS. Rather than quantify liabilities in the order itself, the Commission directed the Petitioner, PTC and UPPCL to undertake a comprehensive reconciliation of all transmission charge payments, reimbursements and deductions in light of the findings recorded in the order. Any balance found payable after reconciliation was directed to be settled together with Late Payment Surcharge in accordance with the PPAs.

HSA
Viewpoint

The order demonstrates CERC's emphasis on enforcing the contractual framework as negotiated by the parties, refusing to rewrite commercial timelines merely because project implementation encountered subsequent difficulties. At the same time, the Commission adopted a practical approach by directing reconciliation of complex payment disputes instead of attempting a mechanical determination of numerous interlinked financial claims, thereby ensuring that the parties' accounts are settled consistently with the contractual provisions.

TRN Energy Private Limited v. PTC India Limited & Others.

Central Electricity Regulatory Commission (CERC) Order dated June 17th, 2026 in Miscellaneous Petition No. 140 of 2019

Background facts

- The Petitioner, a generating company supplying power to Uttar Pradesh Discoms through PTC India Limited under a back-to-back contractual arrangement, entered into a Long-Term Access (LTA) Agreement with Power Grid Corporation of India Limited (PGCIL), a Power Purchase Agreement (PTC-PPA) with PTC India Limited, and a corresponding Procurers' PPA executed between PTC and the Uttar Pradesh Discoms. Under this contractual framework, the Petitioner was primarily responsible for payment of transmission (PoC) charges to PGCIL, which were thereafter to be reimbursed by PTC and ultimately recovered from the Procurers. Capacity Charges under the PPA were linked to the declared capacity of the generating station, whereas Energy Charges depended upon scheduled energy supplied.
- During the period from January 2018 to March 2019, the Petitioner defaulted in making timely payment of transmission charges to PGCIL and also failed to maintain the requisite Letter of Credit under the LTA Agreement. Consequently, PGCIL issued a Notice for Regulation of Power Supply on December 24,2018 under the CERC (Regulation of Power Supply) Regulations, 2010, restricting 100 MW of the Petitioner's Long-Term Access from January 4,2019. As a result, although the Petitioner claimed that it remained available to supply the full contracted capacity of 390 MW, it could not schedule the entire contracted capacity owing to the transmission constraint imposed by PGCIL.
- The Petitioner contended that Capacity Charges are payable on the basis of declared availability alone and are independent of actual scheduling of electricity. It argued that the regulation of power supply affected only Energy Charges and not Capacity Charges. The Petitioner further alleged that PTC had delayed reimbursement of transmission charges for six to eight months,

resulting in financial distress and ultimately causing the default in payment of PoC charges to PGCIL. On this basis, it sought recovery of additional Capacity Charges amounting to approximately Rs.43.47 crore for January to March 2019, refund of penalties deducted by the Procurers, and consequential Late Payment Surcharge (LPS).

- PTC and UPPCL opposed the petition, contending that the Petitioner itself had defaulted in performing its primary contractual obligation of paying transmission charges and furnishing payment security to PGCIL. They submitted that reimbursement of transmission charges was contingent upon actual payment by the Petitioner to PGCIL and that Capacity Charges were payable only for capacity that was genuinely available for scheduling in accordance with the Grid Code. They also pointed out that the issue of annual reconciliation of penalties had already been decided by CERC in Petition No. 77/MP/2018. The Commission was therefore called upon to determine the Petitioner's entitlement to additional Capacity Charges, refund of penalties, and Late Payment Surcharge.

Issues at hand

- Whether the Petitioner was entitled to additional Capacity Charges for the period January–March 2019 on the basis of declared availability despite regulation of power by PGCIL?
- Whether the Petitioner was entitled to refund of the penalty levied for January–March 2019 and earlier months?
- Whether the Petitioner was entitled to Late Payment Surcharge (LPS) on the claimed Capacity Charges and refund of penalties?

Decision of the Tribunal

- Ld. Comm'n answered this issue in the negative. The Commission held that although the PPA links Capacity Charges to declared capacity, such declaration must be real, effective and capable of being scheduled in accordance with the Grid Code. Since the Petitioner's inability to schedule 390 MW arose due to regulation of power imposed by PGCIL on account of its own failure to pay transmission charges and maintain the required Letter of Credit, the declared capacity could not be treated as fully available. The contractual framework was held to be sequential—the Petitioner was first required to discharge its obligations under the LTA Agreement before PTC's reimbursement obligation and the Procurers' payment obligation could arise. Accordingly, the Procurers could not be made liable to pay Capacity Charges for capacity that was incapable of being scheduled because of the Petitioner's own contractual default.
- Ld. Comm'n rejected the claim. It held that the penalty imposed for January–March 2019 was justified because the Petitioner failed to maintain the contracted availability after PGCIL regulated power supply due to non-payment of transmission charges. The Commission observed that even if reimbursement by PTC had been delayed, the Petitioner ought to have continued paying transmission charges and claimed Late Payment Surcharge under the contractual provisions instead of allowing default to occur. As regards the penalty relating to earlier months, CERC held that the issue had already been addressed through the annual reconciliation mechanism directed in its earlier order in Petition No. 77/MP/2018, pursuant to which the parties had already reconciled and settled the penalties together with applicable LPS. Therefore, no further refund was warranted.
- Ld. Comm'n held that the claim for LPS did not survive. Since the Commission had rejected the Petitioner's substantive claims for additional Capacity Charges and refund of penalties, there remained no outstanding amount on which Late Payment Surcharge could be awarded. The prayer for LPS was therefore rendered infructuous.

HSA
Viewpoint

The order reinforces that entitlement to Capacity Charges depends not merely on a formal declaration of availability but on the generator's actual ability to make that capacity schedulable under the contractual and regulatory framework. It also emphasises that a party cannot shift the commercial consequences of its own contractual defaults onto procurers by invoking the concept of declared availability.

Jindal Steel Limited v. TP Central Odisha Distribution Limited & Others.

Central Electricity Regulatory Commission (CERC) Order Dated June 1st, 2026 in Miscellaneous Petition No. 191 of 2026

Background facts

- Jindal Steel Limited (JSL), which owns and operates captive generating stations (ACPP-I and ACPP-II) at Angul, Odisha, regularly participates in short-term electricity trading through the Temporary General Network Access (T-GNA) mechanism under the CERC (Connectivity and General Network Access) Regulations, 2022. For the month of May 2026, JSL applied through the National Open Access Registry (NOAR) for Standing Clearance to inject 700 MW of power and draw 300 MW through the Inter-State Transmission System (ISTS).
- During processing of the application, Odisha SLDC informed JSL that a No Objection Certificate (NOC) from TP Central Odisha Distribution Limited (TPCODL) was mandatory before Standing Clearance could be processed. TPCODL, while granting consent for drawal of 300 MW, refused to grant NOC for the proposed export of 700 MW unless JSL complied with two conditions: (i) execution of a pending agreement for providing a new 20 MVA connection to Jindal Steel Odisha Limited (JSOL), and (ii) arrangement of emergency/start-up power supply for ACPP-II. JSL contended that these conditions had no nexus with the statutory requirements governing grant of T-GNA or Standing Clearance.
- JSL relied upon a clarification issued by the Central Electricity Authority (CEA), which stated that JSL's generating units and the associated loads could be treated as a single captive generating complex and that neither a separate connection for JSOL nor separate start-up connectivity for ACPP-II was necessary. According to JSL, TPCODL's insistence on these conditions was contrary to the GNA Regulations, the NOAR Procedure and Section 42(3) of the Electricity Act, 2003, which guarantees non-discriminatory open access. JSL therefore approached CERC seeking declarations that DISCOM consent was not a mandatory prerequisite for grant of T-GNA and that the conditions imposed by TPCODL were arbitrary and illegal.
- During the pendency of the proceedings, TPCODL eventually issued the requisite NOC and Odisha SLDC granted Standing Clearance for May 2026. Nevertheless, disputes continued regarding future months. TPCODL, OPTCL and Odisha SLDC raised a preliminary objection that the dispute essentially concerned the grant of NOC under the Odisha Electricity Regulatory Commission (Terms and Conditions for Intra-State Open Access) Regulations, 2020 and therefore fell within the exclusive jurisdiction of the Odisha Electricity Regulatory Commission (OERC), not CERC.

Issues at hand

- Whether this Commission has jurisdiction to adjudicate the dispute in the instant Petition related to non-grant of Standing Clearance by the Odisha SLDC for an intra-State entity, for transactions under T-GNA?
- Whether CERC could declare that DISCOM consent/NOC was ultra vires the GNA Regulations and direct grant of Standing Clearance without such consent?
- Whether Grid India could be directed not to insist upon DISCOM consent while processing T-GNA applications?

Decision of the Tribunal

- Ld. Comm'n answered this issue in the negative. The Commission held that although T-GNA is governed by the GNA Regulations, the dispute in substance related to the requirement of obtaining consent/NOC from the distribution licensee, which is governed by the Odisha Open Access Regulations framed under Section 86(1)(c) of the Electricity Act. JSL was an intra-State entity connected to the Odisha transmission network and an EHT consumer of TPCODL. Relying upon the Supreme Court's decision in Ramayana Ispat (P) Ltd. v. State of Rajasthan, CERC held that State Commissions retain jurisdiction over intra-State aspects of open access transactions even where the transaction ultimately involves the ISTS. Consequently, any challenge to the legality of the DISCOM's insistence on NOC or the conditions attached thereto fell within the jurisdiction of OERC and not CERC.
- Ld. Comm'n declined to examine the merits of this issue. It held that once it concluded that the controversy regarding the requirement and legality of DISCOM consent arose under the State Open Access framework, it could not adjudicate whether such consent was mandatory or whether the conditions imposed by TPCODL were arbitrary. Those questions were left open to be decided by the appropriate State Commission. Accordingly, the substantive prayers challenging the NOC requirement and the conditions imposed by TPCODL were not considered on merits.
- Ld. Comm'n rejected this contention. It clarified that Grid India itself does not independently insist upon a DISCOM NOC. Under the GNA Regulations and the NOAR Procedure, RLDC/Grid India processes T-GNA applications based upon the Standing Clearance and information uploaded by the concerned SLDC. Since the requirement of DISCOM consent had been uploaded by Odisha SLDC in accordance with the prevailing State regulatory framework, no direction could be issued against Grid India.

HSA
Viewpoint

The order draws a clear jurisdictional boundary between CERC's regulation of inter-State transmission access and the State Commission's authority over intra-State open access requirements. While the dispute originated in the T-GNA framework, CERC correctly held that challenges to the legality of a DISCOM's consent requirement must first be examined by the State Commission where such requirement arises under State regulations.

ReNew Wind Energy (AP2) Private Limited & Another v. Central Transmission Utility of India Limited & Others.

Central Electricity Regulatory Commission (CERC) Order Dated June 2nd , 2026 in Miscellaneous Petition No. 227 of 2022

Background facts

- ReNew AP2 Private Limited (Petitioner No. 1), a wind power developer, and its parent company ReNew Power Private Limited (Petitioner No. 2) developed wind power projects under SECI Tranche-II and Tranche-III schemes. Petitioner No. 2 had obtained connectivity and Long-Term Access (**LTA**) from CTUIL for evacuation of power through the Inter-State Transmission System (**ISTS**). A 300 MW LTA became operational from May 1,2019 and an additional 50 MW LTA from November 23,2019. These LTAs were intended to facilitate evacuation of power from the Petitioners' wind projects to beneficiaries in the Northern, Western and Eastern Regions.
- While the 300 MW project was commissioned in phases, the 100 MW project under SECI Tranche-III encountered significant hurdles. The Petitioners contended that a change in the land allotment policy of the Government of Gujarat caused an unprecedented delay in securing land, which was further compounded by disruptions arising from the COVID-19 pandemic. SECI accordingly granted successive extensions of Financial Closure, Conditions Subsequent and the Scheduled Commercial Operation Date (**SCOD**), ultimately extending the SCOD until August 31,2021. Despite these extensions, the project could not be implemented and the Petitioners terminated the 100 MW Power

Purchase Agreement (**PPA**) with SECI on February 6,2022, alleging frustration of contract due to force majeure and impossibility of performance.

- Following termination of the PPA, CTUIL raised bills towards transmission charges for the operationalised 50 MW LTA under Tranche-I and the separate 50 MW LTA under Tranche-II. The Petitioners requested withdrawal of these bills, contending that once the PPA had been frustrated on account of force majeure, the associated Transmission Service Agreements (**TSAs**), Long-Term Access Agreements (**LTAAs**) and Bipartite Connection Agreement (**BCA**) also stood discharged since they formed part of a single commercial arrangement. The Petitioners further relied upon various Ministry of Power (**MoP**) orders issued under the Tariff Policy and Section 107 of the Electricity Act, asserting that whenever SCOD under a renewable energy PPA is extended, the operationalisation of LTA ought to be correspondingly aligned.
- CTUIL opposed the petition, arguing that the PPA and the transmission agreements were legally independent contracts governing different subject matters. According to CTUIL, termination or frustration of the PPA did not affect the Petitioners' obligation to pay transmission charges once the LTA had become operational. CTUIL further contended that the MoP's executive directions could not override the applicable Sharing Regulations, and that the Petitioners remained liable for transmission charges under the statutory framework. The Commission was therefore called upon to determine the effect of the alleged frustration of the PPA on the transmission arrangements, the Petitioners' liability to pay transmission charges, the applicability of the MoP's directions, and the governing Sharing Regulations.

Issues at hand

- Whether the Petitioners are discharged from the obligations under the Transmission Arrangement in view of the alleged frustration of the 100 MW PPA dated 23.5.2018 between Petitioner No. 1 and SECI?
- Whether the Petitioners are liable to pay the transmission charges from the date of operationalisation of the LTA (Tranche 1 and Tranche 2)?
- Whether the Petitioners are entitled to a waiver of transmission charges in view of the MoP Orders dated February 13,2018, August 5,2020, January 15,2021, November 23,2021 and November 30,2021 and directions issued under Section 107 of the Act?
- Whether the transmission charges for the period November 2019 to October 2020 are to be calculated as per the Sharing Regulations, 2010 or the Sharing Regulation, 2020?

Decision of the Tribunal

- Ld. Comm’n declined to decide this issue. It observed that the entire foundation of the Petitioners' claim rested on the validity of the termination of the PPA and whether the contract had in fact been frustrated due to force majeure. Since, in Petition No. 56/MP/2022, the Commission had already referred the dispute relating to the legality of the PPA termination to arbitration after holding that it was not a tariff dispute under Section 79(1)(f), the present issue was held to be incapable of adjudication until the arbitral tribunal determined whether the PPA had validly come to an end. The Commission therefore left the question open to be decided after the arbitration proceedings.
- Ld. Comm’n held that the determination of liability to pay transmission charges was intrinsically dependent upon the outcome of the arbitration concerning the validity of the PPA termination. If the arbitral tribunal were to hold that the PPA had not been validly terminated, the Petitioners' obligations under the transmission arrangements would continue in the ordinary course. Conversely, if the termination were upheld, the consequences on the transmission arrangements would have to be examined thereafter. Accordingly, the Commission refrained from finally adjudicating the Petitioners' liability in the present proceedings.
- Ld. Comm’n did not render a final finding on this issue. It observed that the applicability of the MoP's directions depended upon whether the Petitioners continued to have a subsisting PPA and whether the project remained eligible for extension of SCOD. Since those questions were directly linked to the dispute pending before arbitration regarding termination of the PPA, the Commission considered it inappropriate to decide the issue independently in the present petition.

- Ld. Comm'n also deferred adjudication of this issue. It held that the computation methodology would become relevant only if the Petitioners were ultimately found liable to pay transmission charges after the determination of the principal dispute relating to the validity of the PPA termination. Since the foundational issue itself had been referred to arbitration, the Commission found it unnecessary to pronounce upon the applicable regulatory regime at that stage.

HSA
Viewpoint

The order reflects judicial restraint by recognising that the liability under the transmission framework cannot be conclusively determined until the validity of the underlying PPA termination is decided by the arbitral tribunal. It also highlights the close commercial relationship between PPAs and transmission arrangements, while reaffirming that issues falling outside CERC's tariff jurisdiction must first be resolved through the contractual dispute-resolution mechanism.

Lanco Kondapalli Power Limited v. Andhra Pradesh Power Coordination Committee & Others.

Central Electricity Regulatory Commission(CERC) Order Dated June 2nd, 2026 in Miscellaneous Petition No. 250 of 2022

Background facts

- Lanco Kondapalli Power Limited (LKPL) established a 368.144 MW combined-cycle power project in Andhra Pradesh pursuant to a tariff-based competitive bidding process and executed a Power Purchase Agreement (PPA) dated March 31,1997 with the erstwhile APSEB for sale of electricity. The first generating unit achieved COD on 26 July 2000, the second unit on September 24,2000, and the entire project achieved COD on October 25,2000.
- During the initial period of operation, LKPL procured naphtha fuel and incurred finance and procurement costs, including interest and bank guarantee charges. It claimed that Article 3.3 of the PPA expressly treated such finance and procurement costs as part of the "cost of fuel" recoverable through Energy Charges. LKPL raised bills amounting to about Rs.10.79 crore for the period June 22,2000 to August 10,2001, but the Respondent Discoms did not reimburse the amounts.
- After unsuccessful attempts at amicable settlement, LKPL invoked arbitration in September 2003 and later approached the Andhra Pradesh High Court for appointment of an arbitrator. Following the Supreme Court's decision in Gujarat Urja, the High Court granted liberty to approach the State Commission, where O.P. No. 42/2009 was filed. The matter travelled through APERC, APTEL and the Supreme Court on the issue of limitation, and was eventually transferred to CERC after the Supreme Court held that disputes involving both Andhra Pradesh and Telangana fell within CERC's jurisdiction.
- The Discoms opposed the claim on multiple grounds: that it was barred by limitation; that the PPA clause regarding fuel costs was unenforceable without APERC approval; that finance and procurement costs were not recoverable under the PPA; that such costs were already subsumed in capacity charges; and that LKPL had not produced sufficient documentary proof of actual expenditure.

Issues at hand

- Whether the claim of LKPL is barred by limitation?
- Whether the dispute in the present case is to be adjudicated by this Commission or referred to arbitration?
- Whether finance and procurement costs are recoverable as part of "Fuel Cost" under Article 3.3 of the PPA dated March 31,1997?
- Whether LKPL has furnished sufficient evidence in support of its claim?
- Whether the Respondents are liable to pay the interest of Rs.10,90,92,073/- from August 10,2001 till the original date of filing of this Petition on account of delay in reimbursement of finance & procurement costs in terms of Article 3.3 of the PPA dated March 31,1997?

Decision of the Tribunal

- Ld. Comm'n held that the issue of limitation had already been conclusively decided in favour of LKPL by APTEL (July 2,2012) and affirmed by the Supreme Court (October 16,2015). The period from September 8,2003 (invocation of arbitration) to March 18,2009 (disposal of arbitration proceedings by the High Court) had to be excluded under Section 14 of the Limitation Act because LKPL had been bona fide prosecuting its remedy with due diligence. Since the higher forums had already held that the claim was within time, CERC refused to re-open the issue.
- Ld. Comm'n held that the dispute was tariff-related because it concerned whether finance and procurement costs formed part of recoverable Energy Charges under Article 3.3 of the PPA. Relying on Section 79(1)(b) and 79(1)(f) of the Electricity Act and the APTEL judgment in MPPMCL v. DVC (2024), the Commission held that disputes having a direct or indirect bearing on tariff are "tariff disputes" and fall within the Commission's adjudicatory jurisdiction, not arbitration.
- Ld. Comm'n answered this issue in favour of LKPL. It examined the PPA and found that Article 3.3 expressly provided that the cost of fuel ("C") includes "finance and procurement costs" in addition to taxes, duties, handling, storage and transportation charges. The language of the clause was held to be clear, explicit and unambiguous, leaving no room for the Discoms' argument that such costs were subsumed elsewhere in the tariff. Since naphtha admittedly fell within the contractual definition of "Fuel" and was used for generation, the associated finance and procurement costs were contractually recoverable as part of Energy Charges.
- Ld. Comm'n held that LKPL had furnished adequate supporting material. The Commission noted that the Fuel Supply Agreement with HPCL had been reviewed by the Fuel Supply Committee, the monthly bills were accompanied by supporting data, and the Discoms had never contemporaneously disputed the documentation within the time prescribed under Article 5.7 of the PPA. It also considered significant that the Discoms themselves had accepted and paid similar claims for later periods, making the objection regarding absence of documents appear belated and inconsistent.
- Ld. Comm'n held that once finance and procurement costs were found payable under the PPA, the Discoms' delay in reimbursement attracted the interest mechanism under the contractual provisions. The Commission relied on Article 5.11, which provides for late payment charges on delayed tariff payments, and accepted LKPL's entitlement to interest on the outstanding reimbursable amount for the period of delay.

HSA
Viewpoint

The order is significant because it treats reimbursement of finance and procurement costs not as an extra-contractual claim but as a tariff entitlement expressly built into the PPA's fuel-cost formula. It also reinforces that once a dispute has a direct bearing on tariff, CERC's adjudicatory jurisdiction under Section 79(1)(f) prevails over arbitration, while long-pending claims pursued bona fide across forums are protected from being defeated on technical limitation grounds.

Damodar Valley Corporation v. BSES Yamuna Power Limited.

Central Electricity Regulatory Commission(CERC) Order Dated May 31st , 2026 in Miscellaneous Petition No. 319 of 2019

Background facts

- The dispute arose between Damodar Valley Corporation (**DVC**), the generating company, and BSES Yamuna Power Limited (**BYPL**), the distribution licensee, regarding the methodology for appropriation of payments made under the Power Purchase Agreement (**PPA**) dated August 24,2006, which was originally executed with Delhi Transco Limited and subsequently assigned to BYPL. While the PPA required BYPL to pay tariff determined by CERC along with Late

Payment Surcharge (**LPSC**) for delayed payments, it did not prescribe any methodology for appropriation of payments between principal dues and LPSC.

- From 2006 until 2017, DVC consistently adjusted payments received from BYPL first towards the principal outstanding and thereafter towards LPSC. This practice was reflected in the Joint Reconciliation Statement dated January 11,2017, under which both parties acknowledged the outstanding principal and accrued LPSC. Subsequently, after relying upon the Supreme Court's judgment in Kerala State Electricity Board v. Kurien E. Kalathil, DVC issued a letter dated March 27,2018 unilaterally changing the methodology and began appropriating payments first towards LPSC and thereafter towards principal dues. BYPL immediately objected to this change, contending that it was contrary to the long-standing mutual practice between the parties and unsupported by the PPA.
- DVC defended the revised methodology by relying upon the general legal principle that, in the absence of a contractual stipulation, payments should first be appropriated towards interest and thereafter towards principal, as recognised in various Supreme Court judgments including Gurpreet Singh, BHEL and Kerala State Electricity Board. BYPL, on the other hand, argued that the PPA was silent on payment appropriation, that the parties had consciously followed the principal-first methodology for more than a decade, and that DVC was estopped from unilaterally altering an established contractual practice. It further contended that the Supreme Court decisions relied upon by DVC dealt with decretal amounts and were inapplicable to contractual payment disputes governed by the parties' conduct.
- Aggrieved by BYPL's refusal to accept the revised methodology, DVC approached the Commission seeking a declaration that payments should be appropriated first towards LPSC and thereafter towards principal dues. The Commission was therefore called upon to examine the contractual provisions, the historical course of dealings between the parties, and the legality of DVC's unilateral change in payment appropriation methodology.

Issues at hand

- What payment adjustment mechanisms have been provided in the respective PPAs signed by DVC with BYPL?
- What payment adjustment mechanism was adopted by DVC with respect to the payments made by BYPL from time to time?
- Whether the payment adjustment mechanism was unilaterally altered by DVC, vide its letter dated March 27,2018? If yes, whether the same is justifiable?

Decision of the Tribunal

- Ld. Comm’n held that neither the PPA dated August 24,2006 nor the applicable Tariff Regulations, prior to the 2021 amendment, prescribed any methodology for appropriation of payments between principal dues and LPSC. The contractual provisions merely entitled DVC to recover LPSC on delayed payments but remained silent on the order in which payments were to be adjusted. The Commission further observed that it was only through the Second Amendment to the Tariff Regulations, 2021, and the Electricity (Late Payment Surcharge and Related Matters) Rules, 2021/2022 that a statutory mechanism requiring adjustment of payments towards LPSC first was introduced, and these provisions could operate only prospectively.
- Ld. Comm’n found that the consistent conduct of both parties demonstrated that payments had always been appropriated first towards principal dues and thereafter towards LPSC. The Joint Reconciliation Statement dated January 11,2017 reflected this mutually accepted methodology, and there was nothing on record to indicate that DVC had objected to or departed from this practice before 2018. The Commission therefore concluded that the principal-first methodology had become the mutually accepted arrangement governing the parties' contractual relationship.
- Ld. Comm’n answered this issue in the negative. It held that DVC could not unilaterally abandon a payment appropriation methodology that had been consistently followed and mutually accepted for over a decade. Since BYPL had expressly objected to the proposed change immediately upon receiving DVC's communication, there was no consensus between the parties to alter the existing arrangement. The Commission further held that the Supreme Court judgments relied upon by DVC did not override the established contractual conduct between the parties, particularly when the PPA itself was silent and the statutory provisions mandating LPSC-first adjustment had not yet come into

force. Accordingly, DVC's unilateral adoption of the LPSC-first methodology in 2018 was held to be unjustified.

HSA
Viewpoint

The order underscores that where a contract is silent, a long-standing and mutually accepted course of conduct can effectively govern the parties' rights and obligations, preventing one party from unilaterally altering the contractual arrangement. It also draws an important distinction between general principles governing appropriation of payments and the practical realities of contractual relationships in the electricity sector, while recognising that the statutory LPSC-first mechanism introduced in 2021 cannot be applied retrospectively.

Indian Energy Exchange Limited v. Grid Controller of India Limited & Ors.

Central Electricity Regulatory Commission(CERC) Order Dated May 21st ,2026 in Review Petition No. 674 of 2025

Background facts

- Pursuant to its earlier Suo Motu Order dated April 28,2025 in Petition No. 8/SM/2024, the Central Electricity Regulatory Commission (**CERC**) directed all power exchanges to discontinue user-defined delivery slots in the Term Ahead Market (**TAM**), High Price Term Ahead Market (HP-TAM) and Green Term Ahead Market (**GTAM**), undertake stakeholder consultations, and submit proposals for Commission approval of pre-specified delivery time slots. The Commission also directed Grid India (**NLDC**) to periodically declare national Solar/Non-Solar hours and Regional Load Despatch Centres (**RLDCs**) to notify region-wise peak and off-peak hours.
- In compliance with these directions, Indian Energy Exchange Limited (**IEX**), Power Exchange India Limited (**PXIL**) and Hindustan Power Exchange Limited (**HPX**) independently conducted stakeholder consultations and invited public comments on the proposed time-slot structures. While each exchange proposed slightly different delivery slots for TAM, HP-TAM and GTAM contracts, several stakeholders suggested region-specific peak hours, seasonal variations, customised delivery slots and greater flexibility to better reflect regional demand patterns and renewable energy integration.
- During the proceedings, Grid India was impleaded by the Commission and submitted that region-wise peak and off-peak hours are declared only one month in advance and differ significantly across regions depending upon weather, geography and demand profiles. It therefore contended that designing national exchange contracts around regional peak/off-peak hours would be impractical for contracts traded several months in advance and would fragment market liquidity. Instead, Grid India recommended structuring TAM and GTAM contracts around national Solar and Non-Solar hours, which better correspond with national demand and price behaviour.
- The Commission therefore considered the proposals submitted by all three power exchanges, the suggestions of stakeholders and the technical inputs furnished by Grid India to determine the appropriate standardised delivery time slots that should govern contracts traded on power exchanges while balancing operational flexibility, liquidity and efficient price discovery.

Issues at hand

- Whether TAM, HP-TAM and GTAM contracts should continue to be structured around Peak/Off-Peak hours or instead be based on national Solar/Non-Solar hours?
- Whether the proposals for region-specific, seasonal or customised delivery slots made by stakeholders and power exchanges ought to be approved?
- What pre-specified time slots should be adopted for TAM, HP-TAM and GTAM contracts?
- How should GTAM contracts for renewable energy sources other than hydro be structured?

Decision of the Tribunal

- Ld. Comm'n accepted Grid India's recommendation and held that exchange contracts should primarily be structured around national Solar and Non-Solar hours rather than Peak/Off-Peak hours. The Commission observed that peak demand varies considerably across regions and changes every month, whereas TAM contracts are traded up to 90 days (and potentially 11 months) in advance. A uniform national peak slot would not reflect the requirements of all States, while region-wise peak slots would fragment liquidity, reduce market depth and adversely affect price discovery. Solar/Non-Solar categorisation, on the other hand, better reflects national demand patterns and provides certainty for advance trading.
- Ld. Comm'n rejected these proposals. It held that permitting region-wise peak slots, two-hour customised delivery windows or seasonal variations would defeat the very purpose of introducing pre-specified contracts, namely standardisation, transparency and prevention of market manipulation. The Commission observed that excessive customisation would fragment liquidity, impair efficient price discovery and reintroduce complexity into exchange-based contracts.
- Ld. Comm'n approved standardised national delivery slots consisting of RTC (00:00-24:00), Solar (06:00-18:00), Morning (06:00-09:00), Day (09:00-18:00), Non-Solar (18:00-06:00), Evening (18:00-24:00) and Night (00:00-06:00). It directed Grid India to notify national Solar and Non-Solar hours from time to time, and held that these contract timings would automatically stand modified in accordance with such notifications. All power exchanges were directed to align their business rules and contracts accordingly.
- Ld. Comm'n held that renewable energy generators (other than hydro) should continue to enjoy limited flexibility to create generation profiles within the approved pre-specified contract categories, recognising the variable nature of renewable generation. However, it directed Grid India to examine whether such profile-based bidding should continue and to recommend safeguards to ensure that this flexibility is used only for operational necessities and not for customised bidding strategies capable of distorting the market.

HSA
Viewpoint

The order is a significant step towards standardising India's exchange-based electricity markets by prioritising liquidity, transparency and efficient price discovery over excessive contractual flexibility. At the same time, the Commission adopts a pragmatic approach by preserving limited operational flexibility for renewable generators while ensuring that such flexibility remains subject to regulatory oversight.

Waaree Forever Energies Private Limited v. Central Transmission Utility of India Limited.

Central Electricity Regulatory Commission (CERC) Order Dated June 15th,2026 in Miscellaneous Petition No. 814 of 2025

Background facts

- Waaree Forever Energies Private Limited (**WFEPL**) planned to establish a 1000 MW ISTS-connected solar power project with a 1000 MW/2000 MWh Energy Storage System (**ESS**) at Salgar, Solapur, Maharashtra. On September 17,2024, it applied to the Central Transmission Utility of India Limited (**CTUIL**) for stage-wise connectivity under the Land Bank Guarantee route, proposing commissioning of 300 MW by March 31,2026, another 300 MW by September 30,2026 and the remaining 400 MW by March 31,2027. However, the application sought a single start date of connectivity of March 31,2026 for the entire project.
- During the 33rd CMETS Meeting held on October 29,2024, CTUIL informed WFEPL that only 700 MW transmission capacity was available at the Solapur Substation. Consequently, WFEPL revised its project configuration from 1000 MW to 700 MW and proposed implementation in two phases. It requested that the revised project be granted connectivity with phased start dates of September 30,2026 for 300 MW and March 31,2027 for the remaining 400 MW.

Despite these requests, CTUIL issued the In-Principle Grant of Connectivity on December 4,2024 and later the Final Grant of Connectivity on August 28,2025, retaining the original start date of connectivity as March 31,2026.

- Since Regulation 11A(2) of the GNA Regulations required Financial Closure to be achieved six months prior to the firm start date of connectivity, WFEPL became liable to achieve Financial Closure by September 30,2025. WFEPL contended that this timeline was unrealistic because the Final Grant of Connectivity itself was issued barely one month before the Financial Closure deadline. It further submitted that delays in renewable energy bidding, non-finalisation of PPAs, reduction in connectivity from 1000 MW to 700 MW, and the need to restructure the project financing were circumstances beyond its control. WFEPL highlighted that it had already acquired substantial land, awarded EPC contracts worth approximately Rs.1140 crore, invested around Rs.95.72 crore and committed investments exceeding Rs.4132 crore towards the project.
- CTUIL opposed the petition, contending that it had no statutory authority under the GNA Regulations to alter the start date of connectivity or permit staggered connectivity dates after the application had been made. It maintained that the petitioner had itself sought March 31,2026 as the connectivity start date in its original application and that the timelines under Regulation 11A were mandatory. Aggrieved by CTUIL's refusal to revise the connectivity timeline and the consequential Financial Closure deadline, WFEPL approached the Commission seeking extension of the connectivity start date to September 30,2027 along with corresponding extension of the Financial Closure milestone.

Issues at hand

- Whether any directions are required to be issued to extend the start date of connectivity of Petitioner’s project from March 31,2026 to September 30,2027 and consequential extension of the last date for achieving Financial Closure from September 30,2025 to March 31,2027?

Decision of the Tribunal

- Ld. Comm’n rejected the prayer for extension. It held that the GNA Regulations do not permit postponement of the firm start date of connectivity once granted. WFEPL had itself applied for a connectivity start date of 31.03.2026, and the subsequent reduction of project capacity from 1000 MW to 700 MW did not create any statutory right to revise that date. The Commission further observed that, since no Associated Transmission System (**ATS**) augmentation was involved (ATS being "Nil"), there was no regulatory basis for shifting the firm start date. Consequently, the statutory Financial Closure milestone under Regulation 11A(2), which is linked to the firm start date of connectivity, also could not be extended merely because the petitioner subsequently restructured its project or faced commercial difficulties.
- Yes, to a limited extent. Ld. Comm’n found that CTUIL had itself violated Regulation 9 by issuing the Final Grant of Connectivity more than seven months after receiving the requisite Connectivity Bank Guarantees, despite being statutorily required to do so within fifteen days. The Commission also held that CTUIL wrongly entertained discussions regarding postponement of the connectivity date even though it admittedly had no statutory authority to grant such relief, thereby creating a false expectation for the petitioner. Considering CTUIL's procedural lapses, the substantial progress made by WFEPL in project implementation, and to avoid prejudice caused by CTUIL's own delay, CERC exercised its powers under Regulations 41 and 42 of the GNA Regulations and granted WFEPL an additional 30 days from the date of the order to submit Financial Closure documents for the 300 MW capacity. However, it refused to interfere with the statutory connectivity date itself and directed CTUIL to strictly adhere to the GNA Regulations in future.

HSA
Viewpoint

The order reinforces that the connectivity timelines prescribed under the GNA Regulations are mandatory and cannot be altered merely because project circumstances subsequently change. At the same time, the Commission rightly held CTUIL accountable for its own procedural lapses and balanced strict regulatory compliance with equitable relief where administrative delay had materially prejudiced the developer.

Hindustan Power Exchange Limited (HPX) v. Indian Energy Exchange (IEX) (Intervenor).

Central Electricity Regulatory Commission (CERC) Order dated June 17th , 2026 in the Miscellaneous Petition No. 910 of 2025

Background facts

- Hindustan Power Exchange Limited (HPX), a power exchange registered under the Central Electricity Regulatory Commission (Power Market) Regulations, 2021 (PMR 2021), filed the present petition seeking a relaxation of Regulation 15 to permit one of its promoter shareholders, PTC India Limited (**PTC**), to retain its existing shareholding of 22.62% for a further period of three years after becoming a Trader Member of HPX. Under Regulation 15(1)(b), a trader member cannot hold more than 5% shareholding in a power exchange.
- HPX was incorporated in 2018 by PTC, BSE Investments Limited and ICICI Bank and was granted registration by CERC to establish and operate a power exchange in 2021. At the time of registration, concerns were raised regarding the conflict of interest arising from PTC simultaneously being a promoter shareholder and a potential trading member. HPX had then expressly undertaken before the Commission that whenever PTC chose to become a Trader Member, it would first dilute its shareholding to 5% in accordance with the applicable regulations. Thereafter, HPX commenced commercial operations on July 6, 2022.
- In August 2025, PTC expressed its intention to become a Trader Member of HPX but requested that it be permitted to dilute its shareholding gradually over three years instead of before becoming a member. HPX contended that its business model had always contemplated PTC bringing significant trading volumes to the exchange, that HPX continued to hold only a limited market share in comparison to the dominant incumbent exchange, and that an immediate sale of PTC's unlisted equity would be commercially difficult due to the limited pool of potential investors. HPX also relied upon previous instances where CERC had granted extensions to other power exchanges for compliance with ownership requirements.
- Indian Energy Exchange (**IEX**) sought impleadment, opposing the petition on the ground that allowing PTC to become a Trader Member while retaining more than 5% shareholding would violate the demutualised and ring-fenced ownership structure mandated under the PMR 2021 and would confer an unfair commercial advantage upon HPX. HPX opposed the impleadment, contending that the dispute was regulatory in nature. The Commission was therefore required to determine both whether IEX should be impleaded and whether the requested relaxation under the PMR 2021 ought to be granted.

Issues at hand

- Whether a competing Power Exchange qualifies as a "necessary" or "proper" party to be impleaded in regulatory relaxation proceedings.
- Whether HPX was entitled to relaxation of Regulation 15(1)(b) by permitting PTC to become a Trader Member while retaining 22.62% shareholding for three years?

Decision of the Tribunal

- Ld. Comm'n held that IEX neither had a legal interest requiring protection nor was its presence necessary for effective adjudication. The alleged prejudice was merely commercial and did not justify impleadment.

- Ld. Comm'n held that HPX had previously undertaken to reduce PTC's shareholding before it became a Trader Member and had sufficient time to comply. Commercial difficulties in finding investors could not justify relaxation of mandatory ownership norms intended to preserve the ring-fenced and demutualised structure of power exchanges.

HSA
Viewpoint

The order reaffirms that CERC's power to relax cannot be invoked to dilute fundamental regulatory safeguards designed to prevent conflicts of interest and preserve market integrity. It also clarifies that commercial inconvenience or business strategy cannot override express statutory requirements or prior undertakings given to the Commission.

M/s Datta Power Infra Private Limited v. Central Transmission Utility of India Limited & Anr.

Central Electricity Regulatory Commission (CERC) Order dated May 31st ,2026 in Miscellaneous Petition No. 1015 of 2025 along with IA No. 5 of 2026

Background facts

- Datta Power Infra Private Limited (**DPIPL**) participated in competitive bidding conducted by SJVN Limited for the development of Wind-Solar Hybrid Power Projects under the Hybrid-1 and Hybrid-2 schemes. Pursuant to the Letters of Award (**LOAs**) issued on 6 March 2024 and 26 June 2024 (later amended on December 19, 2024), DPIPL applied to the Central Transmission Utility of India Limited (**CTUIL**) for grant of ISTS connectivity for an aggregate capacity of 162 MW under the LOA route. CTUIL granted in-principle connectivity on 1 July 2025 with a likely start date of connectivity of June 30, 2026, following which DPIPL furnished all the required Connectivity Bank Guarantees.
- In terms of Regulation 11A(2) of the CERC (Connectivity and General Network Access to the Inter-State Transmission System) Regulations, 2022, CTUIL informed DPIPL that it was required to achieve Financial Closure by December 30, 2025, being six months prior to the scheduled start date of connectivity. DPIPL, however, contended that SJVN had not yet executed the Power Purchase Agreements (**PPAs**) because the corresponding Power Sale Agreements (**PSAs**) with the buying entities had not been finalised. According to DPIPL, financial institutions were unwilling to sanction project finance in the absence of executed PPAs, making it impossible to achieve Financial Closure within the prescribed timeline despite the delay being beyond its control. DPIPL therefore requested that the timelines for Financial Closure and the start date of connectivity be aligned with the Scheduled Commercial Operation Date (**SCOD**) to be determined upon execution of the PPA.
- During the pendency of the proceedings, CTUIL issued the final grant of connectivity only on December 29, 2025, barely one day before the Financial Closure deadline. Around the same time, SJVN communicated through email that if the PPA was executed by February 2026, the tentative SCOD would be February 2028. Relying upon this communication, DPIPL argued that, in terms of the second proviso to Regulation 11A(2), the Financial Closure timeline should also stand extended. CTUIL rejected this contention on the ground that the communication merely indicated a tentative timeline and did not constitute a formal extension of SCOD by the Renewable Energy Implementing Agency as contemplated under the Regulations.
- Upon DPIPL's failure to achieve Financial Closure by the stipulated date, CTUIL revoked the connectivity on February 11, 2026 under Regulation 11B(2) of the GNA Regulations. Aggrieved by the refusal to extend the Financial Closure timeline and the subsequent revocation of connectivity, DPIPL approached the Central Electricity Regulatory Commission seeking extension of the Financial Closure timeline, extension of the connectivity start date, and setting aside of the revocation by invoking the Commission's powers to relax the Regulations and remove the difficulty arising from the peculiar facts of the case.

Issues at hand

- Whether the timeline for achieving Financial Closure in terms of Regulation 11A(2) of the GNA Regulations and the start date of Connectivity in terms of Regulation 11A(2A) is required to be aligned with the tentative SCOD under the prospective Power Purchase Agreement for projects granted connectivity under the LOA route?
- Whether the revocation of connectivity vide communication date February 11, 2026 issued by the CTUIL is liable to be set aside?

Decision of the Court / Tribunal

- Ld. Comm held that a tentative SCOD based merely on an expected PPA is not a valid extension under Regulation 11A(2). Since no PPA or formal SCOD extension existed, the statutory FC deadline continued to be governed by the existing connectivity timelines.
- Although CTUIL correctly revoked connectivity under Regulation 11B(2) due to non-achievement of FC, CERC found that CTUIL itself had unjustifiably delayed issuance of the final connectivity grant by about 4.5 months. Exercising its powers under Regulations 41 and 42, CERC set aside the revocation and granted DPIPL an additional 30 days to achieve Financial Closure.

HSA
Viewpoint

The Commission correctly refused to permit extension of Financial Closure on the basis of a merely tentative SCOD, thereby upholding the certainty and discipline intended under the GNA Regulations. At the same time, it appropriately exercised its equitable powers to remedy the prejudice caused by CTUIL's own administrative delay, ensuring that regulatory rigidity did not result in procedural unfairness.

Lumex Industries Limited v. Maharashtra State Electricity Distribution Company Limited (MSEDCL).

Maharashtra Electricity Regulatory Commission (MERC) Order dated June 9, 2026 in Case No. 245 of 2025

Background facts

- Lumex Industries Limited (**LIL**), an industrial consumer of MSEDCL, had installed a 999 kW rooftop solar renewable energy generating system under a net metering arrangement at its manufacturing facility in Pune. MSEDCL had granted connectivity approval for the rooftop solar project in August 2024.
- To meet its additional power requirements, LIL entered into a captive power arrangement with Huoban Energy 5 Private Limited and subsequently availed open access for procurement of power from the captive generating plant. Open access transactions commenced from April 2025 onwards.
- Following commencement of open access, MSEDCL refused to continue settlement of rooftop solar generation under the net metering framework and instead treated the generation under a gross metering mechanism, crediting energy at the applicable generic renewable energy tariff.
- LIL contended that after the notification of the MERC (Distribution Open Access) (Second Amendment) Regulations, 2023, consumers were entitled to simultaneously avail rooftop solar net metering and open access, and therefore MSEDCL's reliance on the earlier gross metering framework was contrary to the prevailing regulatory regime.
- MSEDCL opposed the petition, inter alia, on the ground that LIL had not obtained Green Energy Open Access (**GEOA**) approval through the designated nodal agency and therefore was not entitled to claim benefits flowing from the amended regulatory framework.

Issues at hand

- Whether consumers having rooftop renewable energy generating systems can simultaneously avail net metering and open access facilities under the MERC (Distribution Open Access) (Second Amendment) Regulations, 2023?

- Whether MSEDCL was justified in continuing to bill rooftop solar generation on a gross metering basis after the deletion of the earlier regulatory provision mandating such treatment during open access transactions?
- Whether the alleged procedural non-compliance relating to GEOA approvals disentitled LIL from availing the benefit of simultaneous net metering and open access?
- Whether LIL was entitled to retrospective correction of billing and adjustment of differential amounts arising from MSEDCL's application of gross metering instead of net metering?

Decision of the Court / Tribunal

- MERC examined the regulatory framework governing simultaneous operation of rooftop renewable energy systems and open access transactions. The Commission noted that under the Distribution Open Access (First Amendment) Regulations, 2019, rooftop solar generation during the period of open access was required to be settled under a gross metering mechanism. However, the said provision was expressly deleted by the Distribution Open Access (Second Amendment) Regulations, 2023.
- The Commission observed that Regulation 3.4, introduced through the 2023 amendment, specifically permits consumers meeting the eligibility criteria under Regulations 3.2 or 3.3 to simultaneously avail rooftop renewable energy systems and open access. The amended provision further contemplates adjustment through net metering and does not preserve the earlier gross metering framework.
- MERC held that once the 2023 amendment came into force, the regulatory basis for adjusting rooftop solar generation through gross metering ceased to exist. Consequently, MSEDCL ought to have settled LIL's rooftop solar generation under the net metering framework notwithstanding the simultaneous availing of open access.
- On the issue of procedural compliance, the Commission rejected MSEDCL's contention that alleged deficiencies in the Green Energy Open Access application process could justify denial of net metering benefits. MERC observed that Regulation 3.4 independently enables simultaneous operation of rooftop renewable energy systems and open access transactions and that there are no extant regulatory provisions authorising a distribution licensee to continue gross metering treatment in such circumstances.
- MERC concluded that MSEDCL had wrongly treated rooftop solar generation under gross metering from April 2025 onwards and directed the distribution licensee to recompute energy settlement on a net metering basis for the relevant period.
- Since the exact differential amount could not be verified on the basis of the material placed on record, the Commission directed LIL and MSEDCL to reconcile the claim amount within thirty days. MSEDCL was further directed to pass the reconciled amount through a supplementary bill adjustment in the next billing cycle together with applicable interest at the Bank Rate. The petition was accordingly allowed.

HSA
Viewpoint

The order clarifies that consumers may simultaneously use rooftop solar net metering and procure power through open access under the MERC Distribution Open Access (Second Amendment) Regulations, 2023. It confirms that the deletion of the earlier gross metering provision was intentional and prevents distribution licensees from continuing obsolete billing practices.

Pimpri Chinchwad Municipal Corporation v. Maharashtra State Electricity Distribution Company Limited.

Maharashtra Electricity Regulatory Commission (MERC) Order dated June 4, 2026 in Case No. 158 of 2024 and IA Nos. 51 & 52 of 2024

Background facts

- Pimpri Chinchwad Municipal Corporation (**PCMC**) filed a petition seeking directions against MSEDCL for implementation of the MERC (Distribution Open Access) (Second Amendment) Regulations, 2023, processing of pending open access applications, approval of Scanning Electron Microscope (**SEM**) specifications (**Format-1**), and settlement of claims arising from energy generated by its Solid Waste-to-Energy Plants that allegedly remained unutilised due to non-grant of open access permissions.
- PCMC contended that MSEDCL had failed to process open access applications and metering approvals submitted in November 2023, resulting in substantial loss of energy utilisation opportunities and consequent financial losses. PCMC also sought compensation for the alleged loss of units and challenged the levy of double wheeling charges on one of its sewage treatment plants.
- Subsequently, pursuant to directions issued by the Commission, PCMC and MSEDCL held discussions and submitted Minutes of Meeting confirming that open access permissions and Format-1 approvals had been granted for all six concerned connections and that remaining procedural activities would be completed in accordance with established processes.

Issues at hand

- Whether MSEDCL had failed to process PCMC's open access applications and SEM specification approvals in accordance with the MERC (Distribution Open Access) (Second Amendment) Regulations, 2023?
- Whether any surviving dispute remained regarding grant of open access permissions and related metering approvals after the parties resolved the issues pursuant to the Commission's directions?
- Whether PCMC was entitled to pursue compensation for alleged loss of units arising from delay or denial of open access, including claims relating to levy of double wheeling charges?
- Whether MERC could permit filing of a separate compensation petition without payment of regulatory fees considering the circumstances of the case?

Decision of the Court / Tribunal

- The Commission took note of the Minutes of Meeting finalised between the parties pursuant to its directions. It recorded that PCMC had confirmed receipt of open access permissions and Format-1 approvals for all six connections, while MSEDCL had confirmed that approvals had been issued and that subsequent meter testing, commissioning and related formalities would proceed in accordance with applicable procedures.
- MERC further observed that during the de novo hearing PCMC itself acknowledged that any residual issues relating to open access approvals could be resolved through discussions with MSEDCL. The Commission also noted that despite being granted an opportunity, PCMC had not filed any affidavit identifying outstanding open access-related disputes requiring adjudication.
- In light of the subsequent developments and compliance achieved during the proceedings, the Commission held that the issues relating to grant of open access permissions and SEM approvals had been substantially resolved and no further adjudication was required on those aspects.
- Exercising its powers under Regulation 46 of the MERC (Transaction of Business and Fees and Charges) Regulations, 2022, MERC relaxed the fee requirement and permitted PCMC to file a separate compensation petition without payment of fees, considering that the compensation claim arose directly out of the subject matter of the present proceedings.
- Accordingly, the Commission partly allowed the petition, disposed of the interlocutory applications, and granted liberty to PCMC to institute separate proceedings for compensation relating to alleged loss of units due to delay or denial of open access, including issues concerning levy of double wheeling charges.

HSA
Viewpoint

The order highlights MERC's role in ensuring effective implementation of the Distribution Open Access framework by directing MSEDCL to promptly process pending applications and resolve operational delays. It also recognises that claims for losses arising from delayed implementation may be pursued through separate compensation proceedings without fees.

Removal of Difficulty in Implementation of Regulation 4.21 of the MERC (Approval of Capital Investment Schemes) Regulations, 2022 for submission of Detailed Project Reports (DPRs).

Maharashtra Electricity Regulatory Commission (MERC) Order dated May 26, 2026

Background facts

- Regulation 4.21 of the MERC (Approval of Capital Investment Schemes) Regulations, 2022 requires applicants to file Detailed Project Reports (**DPRs**) seeking in-principle approval of capital expenditure schemes on a quarterly basis, i.e., on or before 30 April, 31 July, 31 October and 31 January of each financial year.
- Maharashtra State Electricity Transmission Company Limited (**MSETCL**) submitted a representation seeking permission to file DPRs on a monthly basis instead of under the existing quarterly framework. MSETCL highlighted the increasing volume of transmission projects relating to renewable energy integration, EHV substations, transmission corridor strengthening, STATCOM installations and transmission schemes associated with State Transmission Utility (**STU**) and Tariff Based Competitive Bidding (**TBCB**) projects.
- MSETCL submitted that rapidly evolving renewable energy connectivity requirements, changing load patterns and the dynamic nature of transmission planning were making it difficult to consolidate all DPR proposals within the prescribed quarterly timelines. According to MSETCL, the existing framework was affecting timely processing of capital investment approvals and field-level implementation of transmission schemes.
- The Commission considered the request in the backdrop of Maharashtra's rapidly expanding renewable energy sector and the increasing requirement for transmission infrastructure to evacuate renewable energy from generation centres to load centres.

Issues at hand

- Whether the existing quarterly DPR submission requirement under Regulation 4.21 of the Capex Approval Regulations, 2022 was creating practical difficulties in timely implementation of renewable energy evacuation schemes?
- Whether the Commission should exercise its powers under Regulation 24 (Power to Remove Difficulties) of the Capex Approval Regulations, 2022 to permit a modified DPR submission mechanism for renewable energy evacuation projects?
- Whether a separate procedural framework should be introduced for renewable energy evacuation and associated transmission infrastructure schemes considering the accelerated pace of renewable energy development in the State?

Decision of the Court / Tribunal

- MERC noted that Maharashtra is witnessing substantial growth in renewable energy capacity addition, resulting in a corresponding increase in the need for transmission infrastructure to evacuate renewable energy power. The Commission observed that timely approval and implementation of transmission schemes is critical to avoid bottlenecks in evacuation infrastructure and to support achievement of the State's renewable energy objectives.
- Invoking its powers under Regulation 24 of the Capex Approval Regulations, 2022, MERC held that a limited procedural relaxation was warranted to address the practical difficulties identified by MSETCL.

- Accordingly, the Commission permitted DPRs relating exclusively to renewable energy evacuation schemes to be submitted on a monthly basis instead of the quarterly schedule prescribed under Regulation 4.21. The monthly filing mechanism would apply to submissions made on or before the last day of each month.
- MERC clarified that the relaxation would remain effective up to the quarter ending 30 April 2028 and would be restricted only to specified categories of projects, namely renewable energy evacuation schemes, associated transmission infrastructure for renewable energy integration, grid strengthening projects linked to renewable energy connectivity, and infrastructure associated with renewable energy parks, pooling stations, hybrid projects and storage integration.
- The Commission further directed that all DPRs submitted under the modified framework must continue to comply with all substantive requirements of the Capex Approval Regulations, 2022, including technical justification, cost-benefit analysis and supporting documentation requirements. For all other capital investment schemes, the existing quarterly submission framework would continue to apply.

HSA
Viewpoint

The order reflects MERC's focus on accelerating renewable energy integration by streamlining procedural requirements for transmission projects. By permitting monthly DPR submissions for renewable energy evacuation schemes, the Commission aims to reduce administrative delays while retaining substantive scrutiny over capital investments.

Maharashtra State Transmission Utility v. Lodha Developers Limited & Maharashtra State Electricity Transmission Company Limited.

Maharashtra Electricity Regulatory Commission (MERC) Order dated June 1, 2026 in Case No. 88 of 2026 and IA No. 78 of 2026

Background facts

- Maharashtra State Transmission Utility approached MERC seeking approval for development of the proposed 400/220 kV GIS Ambernath Sub-station under the Dedicated Distribution Facility (**DDF**) framework to cater to the electricity requirements of the proposed Green Integrated Data Centre Park being developed by Lodha Developers at Palava. State Transmission Utility (**STU**) also sought approval for recovery of operation and maintenance (**O&M**) expenses from Lodha Developers for the life of the asset.
- The Ambernath Project had originally been approved for implementation through TBCB route. However, the bidding process was annulled after the discovered tariff was found to be abnormally low and commercially unviable, resulting in concerns regarding delay in execution of critical transmission infrastructure.
- STU submitted that the project was essential for meeting the rapidly increasing electricity demand from the Mumbai-Navi Mumbai-Thane data centre corridor. The proposed transmission infrastructure was required to facilitate approximately 2,950 MW of anticipated data centre load expected to be connected by 2028.
- Following the failure of the Tariff Based Competitive Bidding (**TBCB**) process, Lodha Developers expressed willingness to develop the proposed substation at its own cost, transfer the assets to MSETCL free of cost upon commissioning, and reimburse the annual O&M expenses incurred by MSETCL during the life of the project. The proposal received in-principle approval from the Empowered Committee, subject to MERC's directions.
- The petition therefore raised questions regarding the permissibility of developing extra-high voltage transmission infrastructure under the DDF framework, the applicability of the Supply Code Regulations, and the mechanism for recovery of O&M expenses without imposing any tariff burden on general transmission consumers.

Issues at hand

- Whether the 400/220 kV Ambernath Project was required to be executed on priority considering the strategic importance and timelines associated with the proposed Green Integrated Data Centre Park?
- Whether the proposed 400/220 kV Ambernath Sub-station could be developed under the DDF framework contemplated under the MERC Supply Code Regulations, 2021?
- Whether Commission approval was necessary for execution of the scheme under the DDF framework where the entire capital cost was to be borne by Lodha Developers and not recovered through MSETCL's ARR?
- Whether MSETCL could recover O&M expenses from Lodha Developers for the life of the asset without socialising such costs through transmission tariffs payable by other consumers?

Decision of the Court / Tribunal

- The Commission noted that the earlier TBCB process had failed due to discovery of an unrealistically low tariff and that any fresh tendering exercise could significantly delay project execution. Considering the urgency involved, MERC reaffirmed its earlier approval for implementation of the project under the regulated tariff mechanism under Section 62 of the Electricity Act, 2003 instead of the competitive bidding route.
- On the issue of development under the DDF framework, MERC analysed the provisions of the MERC Supply Code Regulations, 2021 and observed that the regulatory framework permits development of infrastructure dedicated exclusively to a single consumer or a group of consumers located on the same or contiguous premises. The Commission held that consumers connected at extra-high voltage levels also fall within the ambit of the framework.
- MERC relied upon its earlier decision in Pegasus Properties Pvt. Ltd. v. MSETCL & Ors. and observed that development of extra-high voltage infrastructure under a dedicated facility arrangement was already recognised under the prevailing regulatory framework. The Commission also referred to judicial precedents affirming that costs associated with dedicated facilities should be borne by the beneficiaries and not socialised among all consumers.
- The Commission held that the proposed Ambernath Sub-station was intended exclusively for consumers within the Green Integrated Data Centre Park and therefore satisfied the definition of a Dedicated Distribution Facility under Regulation 2.2(m) of the MERC Supply Code Regulations, 2021. Since the entire capital expenditure would be borne by Lodha Developers and would not be claimed through MSETCL's Aggregate Revenue Requirement, no separate regulatory approval was required for execution of the project under the DDF framework.
- Accordingly, MERC allowed the petition, directed implementation of the Ambernath Project through the DDF framework under Option 1, and required MSETCL and Lodha Developers to formalise an agreement governing long-term O&M cost recovery.

HSA
Viewpoint

The order marks a significant development in regulating transmission infrastructure for large-scale digital projects by recognising a transmission substation for a Green Integrated Data Centre Park as a Dedicated Distribution Facility. It affirms that dedicated infrastructure costs should not be socialised through regulated tariffs and permits private funding and development under utility supervision, with costs excluded from the ARR.

Enfinity Global Surya Vayu Energy Pvt. Ltd. v. Gujarat Energy Transmission Corporation Ltd. (GETCO).

Gujarat Electricity Regulatory Commission (GERC), Petition No. 2266 of 2023, Order dated 26.05.2026

Background facts

- The petitioner obtained Stage-I and subsequently Stage-II Connectivity for a 150 MW hybrid renewable energy project under the GERC-approved "Procedure for Grant of Connectivity to Projects based on Renewable Sources to Intra-State Transmission System.
- GETCO later revoked the Stage-II Connectivity on the ground that the petitioner had submitted notarized lease agreements instead of registered lease agreements required under Clause 8.2.2 of the Detailed Procedure.
- The petitioner challenged the revocation and sought return of the Bank Guarantee and amounts deposited towards connectivity infrastructure after connectivity was subsequently allotted to a third party.

Issues at hand

- Whether GETCO could invoke or retain the Bank Guarantee and deposited amounts after revoking Stage-II Connectivity on account of alleged non-compliance with eligibility requirements.
- Whether deficiencies in connectivity documents, which were not identified during scrutiny by GETCO, could subsequently be used to impose financial consequences on the developer.

Decision of the Court / Tribunal

- The Commission held that although submission of registered lease documents was an eligibility requirement, GETCO had processed, scrutinized, and granted Stage-II Connectivity on the basis of the documents submitted by the petitioner.
- The Commission clarified that Clause 9 of the Detailed Procedure imposes a corresponding obligation on GETCO to scrutinize applications and communicate deficiencies before granting connectivity.
- Deficiencies that escaped scrutiny at the initial stage could not subsequently justify severe financial consequences, particularly where fraud or misrepresentation had not been established on record.
- The Commission interpreted Clause 9.7 and observed that while it provides for revocation of connectivity in specified circumstances, it does not contain any provision authorising forfeiture or invocation of the Bank Guarantee furnished at the Stage-II Connectivity stage.
- In the absence of proof of actual expenditure incurred by GETCO, retention of the provisional line estimate amount was held unjustified.
- Accordingly, GERC directed return of the Bank Guarantee of ₹4.50 crore; and refund of ₹3.98 crore deposited towards the provisional line estimate.

HSA
Viewpoint

This decision is significant for its interpretation of the GERC Connectivity Procedure and the limits of GETCO's powers post-grant of connectivity. The Commission emphasized that regulatory authorities cannot shift the consequences of their own scrutiny failures onto project developers unless fraud or misrepresentation is clearly established.

German Green Steel and Power Limited v. Gujarat Energy Transmission Corporation Limited (GETCO).

Gujarat Electricity Regulatory Commission (GERC), Petition No. 2515 of 2025, Order dated 20 May 2026

Background facts

- The petitioner, German Green Steel and Power Limited, was developing an 8.15 MW Wind-Solar Hybrid Power Project in Gujarat and had obtained connectivity from GETCO for evacuation of power.

- Under the applicable connectivity framework, the petitioner was required to commission the project within the prescribed timeline, failing which its connectivity could be cancelled and the bank guarantee furnished by it could be invoked.
- The petitioner failed to commission the project within the stipulated period and approached GERC seeking an extension of time.
- In support of its claim, the petitioner contended that the delay was caused by several factors beyond its control, including uncertainty regarding the implementation of banking provisions under the Green Energy Open Access regime, Cyclonic Storm "Asna", heavy rainfall and flooding at the project site, and a crane accident that allegedly disrupted installation activities.
- The petitioner argued that these events constituted unforeseen and uncontrollable circumstances and therefore justified regulatory relief in the form of extension of the commissioning timeline and protection from adverse contractual consequences.
- GETCO opposed the petition, contending that the alleged events did not qualify as force majeure or unforeseen circumstances under the applicable regulatory framework and that the delay was attributable to the petitioner's own project execution and operational challenges.

Issues at hand

- Whether the events cited by the petitioner constituted "unforeseen" or "uncontrollable" circumstances warranting extension of commissioning timelines under the applicable regulatory framework.
- Whether operational difficulties, weather events, regulatory uncertainty, and equipment-related accidents qualified as force majeure-type events for regulatory relief.

Decision of the Court / Tribunal

- The Commission rejected the petition in its entirety and denied extension of the commissioning timeline.
- GERC held that the petitioner failed to establish the existence of any qualifying unforeseen or uncontrollable circumstances causing the delay in completion of the project.
- The Commission specifically found that the alleged crane accident:
  - Did not satisfy the legal threshold of a force majeure or unforeseen event;
  - Was unsupported by credible contemporaneous evidence;
  - Reflected a foreseeable operational risk rather than an external uncontrollable event;
  - Failed the causation and evidentiary tests required for regulatory relief.
- The Commission emphasized that claims for extension must be supported by clear proof demonstrating:
  - The occurrence of an unforeseen event;
  - Direct causal connection between the event and the delay;
  - Adequate documentary evidence substantiating the claim.
- Consequently, the petitioner was held not entitled to any extension of time for commissioning the project, and all connected interlocutory applications were disposed of.

HSA
Viewpoint

This order reinforces the strict evidentiary standard applied by electricity regulators when assessing force majeure or unforeseen-event claims in renewable energy projects. Mere assertions of operational difficulties, equipment failures, or adverse conditions are insufficient unless supported by contemporaneous records and clear proof of causation.

Bhathwari Technologies Pvt. Ltd. v. Gujarat Energy Transmission Corporation Ltd. (GETCO).

Gujarat Electricity Regulatory Commission (GERC), Petition No. 2517 of 2025, Order dated 20 May 2026

Background facts

- The petitioner was developing an 8.735 MW captive Wind-Solar Hybrid Power Project in Gujarat and had been granted connectivity by GETCO for evacuation of power through the State transmission network.
- Under the applicable connectivity framework and tariff orders, the petitioner was required to commission the allotted generation capacity within the prescribed timelines, failing which the connectivity could be revoked and the associated bank guarantee encashed.
- The petitioner approached GERC seeking a declaration that certain events constituted "unforeseen and uncontrollable circumstances" and sought a six-month extension for commissioning of the project, along with protection against revocation of connectivity and encashment of bank guarantees.
- The delay was attributed to multiple factors, including alleged uncertainty regarding banking provisions under the Green Energy Open Access regime, the impact of Cyclonic Storm 'Asna', heavy rainfall, and a crane accident that allegedly damaged critical wind turbine components required for project execution.
- GETCO opposed the petition, contending that the alleged events did not satisfy the threshold of force majeure or unforeseen circumstances and that the petitioner had failed to establish any direct causal link between the cited events and the delay in commissioning the project.

Issues at hand

- Whether regulatory uncertainty regarding banking provisions, adverse weather events, and a crane accident qualified as "unforeseen and uncontrollable circumstances" warranting extension of commissioning timelines.
- Whether renewable energy developers have to satisfy a certain threshold to establish force majeure/unforeseen events before the Commission.
- Whether operational and commercial risks arising during project execution can be treated as force majeure events under the regulatory framework.

Decision of the Court / Tribunal

- The Commission rejected the petitioner's claim that regulatory uncertainty regarding banking provisions justified extension, holding that no direct causal nexus between the alleged uncertainty and project delay had been established.
- The claims based on Cyclonic Storm "Asna" and heavy rainfall were rejected as the petitioner failed to produce contemporaneous and credible evidence demonstrating actual disruption to project execution. The Commission held that general allegations, unauthenticated photographs, and meteorological reports, without proof of project-specific impact, are insufficient to establish force majeure.
- The Commission held that the alleged crane accident did not qualify as a force majeure/unforeseen event. It observed that:
- No cogent evidence of the accident, extent of damage, or causal impact on project execution was produced.
  - Deployment of a common crane across multiple projects was a commercial and operational decision of the developer.
  - Risks arising from such operational choices constitute foreseeable business risks rather than unforeseeable external events.
  - A crane accident, absent proof of an external extraordinary cause, cannot ordinarily be elevated to the status of force majeure.
- The Commission clarified that the burden of proving force majeure/unforeseen events lies squarely on the party seeking relief and must be discharged through specific, contemporaneous, and verifiable evidence.
- Consequently, the Commission held that no unforeseen or uncontrollable circumstances had been established and dismissed the petition, denying any extension for commissioning the project.

HSA
Viewpoint

This decision reinforces the strict evidentiary standard applicable to force majeure and extension claims in the renewable energy sector. The Commission has drawn a clear distinction between genuine external impediments and ordinary commercial or operational risks, signalling that project developers must maintain robust documentary records to substantiate delay claims.

Durga Processors Pvt. Ltd. v. Gujarat Energy Transmission Corporation Ltd. & Ors. (GETCO).

Gujarat Electricity Regulatory Commission (GERC), Order in Petition No. 2580 of 2025 with IA Nos. 111 & 112 of 2025 dated 26 May 2026.

Background facts

- The petitioner, Durga Processors Pvt. Ltd., proposed to establish a 4.15 MW captive solar power project under the Gujarat Renewable Energy Policy, 2023 and sought grid connectivity from GETCO for evacuation of power.
- Pursuant to its application, GETCO granted Stage-II connectivity and required the petitioner to furnish a Bank Guarantee of ₹25 lakh and deposit ₹11,42,337/- towards the provisional line estimate for development of the evacuation infrastructure. The petitioner complied with both requirements.
- Subsequently, GETCO reviewed the documents submitted by the petitioner and found that the land documents furnished in support of the connectivity application were not in conformity with the approved Connectivity Procedure, as the petitioner had relied upon a notarized lease arrangement instead of a registered lease deed as prescribed under the applicable framework.
- On this basis, GETCO revoked the Stage-II connectivity approval already granted to the petitioner and initiated steps to retain the deposited amount and encash the Bank Guarantee.
- Thereafter, the petitioner submitted fresh documentation, obtained the requisite approvals afresh, furnished a new Bank Guarantee and provisional estimate amount, and ultimately commissioned the solar project.
- Despite successful commissioning of the project and repeated requests by the petitioner, GETCO neither returned the earlier Bank Guarantee nor refunded the provisional line estimate amount. Aggrieved by the proposed encashment of the Bank Guarantee and retention of the deposited amount, the petitioner approached GERC seeking appropriate regulatory relief.

Issues at hand

- Whether GETCO could invoke and encash a bank guarantee when the approved Connectivity Procedure contained no express provision authorizing forfeiture upon revocation of Stage-II connectivity due to deficiencies in land documentation.
- Whether GETCO was entitled to retain the provisional line estimate amount without demonstrating actual expenditure incurred against such deposit.
- Whether regulatory authorities can impose financial consequences beyond those expressly contemplated under the governing regulatory framework.

Decision of the Court / Tribunal

- GERC held that the approved Detailed Procedure did not contain any express stipulation permitting invocation or forfeiture of the bank guarantee merely because Stage-II connectivity was revoked owing to deficiencies in land documents.
- The Commission relied on principles laid down by the Appellate Tribunal for Electricity (**APTEL**) and observed that additional financial consequences cannot be imposed unless specifically authorized by the governing regulatory framework.
- The Commission noted that the petitioner had already paid non-refundable connectivity application fees, which compensated GETCO for administrative

processing and scrutiny; therefore, further financial penalties would be inequitable and disproportionate.

- GERC clarified that retention or encashment of a bank guarantee requires a clear legal basis under the applicable regulations or approved procedure and cannot be justified solely on equitable considerations or allegations of ineligibility.
- Regarding the provisional line estimate amount, the Commission held that GETCO had failed to place any material on record demonstrating actual expenditure or substantial transmission works executed against the deposited amount. Retention of such amount would amount to unjust enrichment and be arbitrary.
- Accordingly, GERC directed GETCO not to encash the bank guarantee and to return it to the petitioner; and to refund ₹11,42,337 deposited towards the provisional line estimate.

HSA
Viewpoint

This decision is significant for its clarification that financial consequences in connectivity matters must have an explicit statutory or regulatory foundation. The ruling reinforces the principle that transmission utilities cannot impose forfeiture or retain deposits merely on grounds of alleged procedural non-compliance where the governing framework is silent.

Viowin Renewable Pvt. Ltd. v. Gujarat Energy Transmission Corporation Ltd. & Ors.

Gujarat Electricity Regulatory Commission (GERC), Petition No. 2595 of 2025 along with IA Nos. 115 & 116 of 2025, Order dated 26.05.2026

Background facts

- Viowin Renewable Pvt. Ltd. (formerly Onix Trans Energy Pvt. Ltd.) proposed to establish a 70 MW solar power project under the Gujarat Renewable Energy Policy, 2023 through the captive/open-access route. For evacuation of power, it applied for and obtained Stage-I Connectivity and subsequently Stage-II Connectivity from GETCO under the Detailed Procedure for Grant of Connectivity to Renewable Energy Projects.
- Pursuant to the grant of Stage-II Connectivity, the petitioner furnished a Bank Guarantee of ₹2.10 crore and deposited ₹11.42 lakh towards the provisional line estimate as required under the connectivity framework.
- After grant of connectivity, GETCO reviewed the documents submitted by the petitioner and concluded that the petitioner had failed to satisfy the eligibility requirement under Clause 8.2.2 of the Detailed Procedure, which required submission of registered lease deeds evidencing land rights. The petitioner had instead submitted notarized lease agreements. On this basis, GETCO revoked the Stage-II Connectivity granted to the petitioner.
- The petitioner did not challenge the revocation of connectivity. Instead, it sought return of the Bank Guarantee and refund of the amount deposited towards the provisional line estimate, contending that the connectivity had been granted after scrutiny and verification of documents by GETCO and that the Detailed Procedure contained no provision authorizing encashment of the Bank Guarantee merely because connectivity had been revoked.
- GETCO opposed the petition, arguing that the petitioner had obtained connectivity despite being ineligible under the Detailed Procedure, had furnished incorrect declarations regarding compliance with eligibility conditions, and therefore could not seek return of the security furnished for obtaining connectivity.

Issues at hand

- Whether GETCO could encash the Bank Guarantee and retain the provisional line estimate amount after revoking Stage-II connectivity on account of non-compliance with eligibility requirements under the approved connectivity procedure.
- Whether the petitioner was entitled to refund of the Bank Guarantee and provisional line estimate despite the subsequent finding that the connectivity

had been granted on documents allegedly not conforming to the approved procedure.

- Whether GETCO could justify retention/encashment in the absence of a specific provision authorising such forfeiture and without demonstrating actual expenditure or loss.

Decision of the Court / Tribunal

- The Commission held that GETCO could not encash the Bank Guarantee merely because the connectivity was subsequently revoked on the basis of deficiencies found in documents that had originally been accepted and acted upon by GETCO itself.
- GERC distinguished the Supreme Court authorities cited by GETCO and observed that the dispute arose from a situation where connectivity had been granted by GETCO on the very documents later alleged to be non-compliant.
- The Commission found that retention of the provisional line estimate amount was unsustainable in the absence of proof that actual expenditure had been incurred against such deposit. Retention of the amount would be arbitrary and inequitable.
- GERC directed return of Bank Guarantee No. ICBK3050866370418 dated 29.04.2023 for ₹2.10 crore; and refund of ₹11,42,337 deposited towards the provisional line estimate.
- The order effectively clarifies that forfeiture or encashment of security deposits cannot be sustained merely on the basis of revocation of connectivity unless supported by a clear legal/regulatory basis and demonstrable justification.

HSA
Viewpoint

The decision reinforces the principle that financial liabilities and forfeiture of security instruments must have a clear basis in the governing regulatory framework. The ruling is significant for renewable energy developers and transmission utilities alike, as it limits the invocation of Bank Guarantees to circumstances expressly contemplated under the applicable connectivity regulations and procedures.

Suo moto proceedings in the matter of Non-Compliance of Regulation 16.11.1 read with Regulation 17 of the Uttar Pradesh Electricity Regulatory Commission (Standards of Performance) Regulations, 2019.

Uttar Pradesh Electricity Regulatory Commission (UPERC), Petition No. 74SM of 2026.

Background facts

- UPERC initiated Suo motu proceedings after receiving multiple consumer complaints concerning delays in the restoration of electricity supply for smart prepaid meter consumers. In several instances, consumers whose supply had been disconnected due to exhaustion of prepaid balance continued to face outages even after recharging their accounts.
- The Commission examined operational data submitted by Uttar Pradesh Power Corporation Limited (**UPPCL**) and its distribution companies and observed recurring failures in restoring electricity supply within the prescribed two- hour period under Regulation 16.11.1 of the UPERC (Standards of Performance) Regulations, 2019.
- The data revealed that the distribution licensees repeatedly failed to achieve the mandatory minimum compliance threshold of 95% for timely reconnection on multiple dates between March and April 2026. These failures were not isolated incidents but reflected a pattern of non-compliance affecting a significant number of consumers.
- In response, UPPCL attributed the delays to technical and operational challenges arising from the implementation of smart prepaid metering under the Revamped Distribution Sector Scheme (**RDSS**), including system integration and communication-related issues. UPPCL further contended that the lapses were

neither deliberate nor persistent and that compensation mechanisms under the Electricity Act had already addressed consumer grievances.

Issues at hand

- Whether RDSS transition issues and lack of intentional non-compliance negate liability under Section 142.
- Whether compensation under Section 57 precludes proceedings under Section 142.

Decision of the Court / Tribunal

- Strict Day-Wise Standard Confirmed: The Commission held that Regulation 16.11.1, read with Regulation 17, does not specify any extended evaluation period; the 95% compliance rate for restoring power within 2 hours applies strictly to daily operational data. The remaining 5% buffer already accounts for normal operational variations.
- Transitional Defenses Rejected: UPERC rejected the licensee's plea regarding an ongoing "transitional phase" or temporary technological latency, noting that commercial "Operational Go-Live" under the RDSS scheme had been active for over 18 months, with millions of meters installed. Systemic delays cannot be brushed aside as sporadic technical glitches.
- Absence of Mens Rea Inconsequential: The Commission established that under Section 142, the absence of wilful or persistent non-compliance does not serve as a ground for leniency or pardon when a clear regulatory breach is documented.
- Section 57 vs. Section 142: It was ruled that the consumer compensation framework under Section 57(2) operates "without prejudice" to any statutory penalties. Regulatory enforcement under Section 142 remains an independent mechanism to address compliance failures.
- Penalty Imposed: The Commission penalized UPPCL ₹7,18,000 for specific daily contraventions and continuing failures, directing an immediate root-cause analysis to implement permanent corrective measures.

HSA
Viewpoint

This ruling reinforces the absolute nature of regulatory standards of performance, signalling that commercial utilities cannot leverage large-scale infrastructural rollouts (like smart metering) to excuse consumer distress. By decoupling Section 142 penal powers from Section 57 compensation schemes, UPERC has clarified that systemic administrative accountability operates independently of individual consumer remedies.

M/s Lanxess India Pvt. Ltd. v. Chief Engineer, MP State Load Despatch Centre (MPSLDC) & Anr.

Petition No. 01 & IA No. 02 of 2026; Madhya Pradesh Electricity Regulatory Commission (MPERC)

Background facts

- The Petitioner, M/s Lanxess India Pvt. Ltd., operates a chemical manufacturing plant at Nagda, Madhya Pradesh, which utilizes an on-site 3.95 MW biofuel-based captive co-generation plant (**CGP**) to meet its 4.2 MW power requirement. The CGP is owned and operated directly as an internal corporate asset on Lanxess's books, meaning it is not a separate Special Purpose Vehicle (**SPV**) or a distinct legal entity.
- The Regulatory Impasse**:** For FY 2023–24 and FY 2024–25, Lanxess applied for captive status verification with the Designated Authority, MPSLDC (Respondent No. 1). Instead of the standard "FORM-II"—which requires certifying *equity* shareholding and voting rights in a separate generator company—Lanxess submitted an Auditor's Certificate confirming 100% direct proprietary ownership and 100% self-consumption. MPSLDC halted the verification process, citing a procedural deficiency because the certificate did not strictly follow the generic FORM-II template.

- Financial Penalties: Taking advantage of the pending verification, the Distribution Licensee, MPPKVVCL (Respondent No. 2), issued a Supplementary Bill of INR 6,54,82,025/- for Open Access charges and levied an additional Cross Subsidy Surcharge (**CSS**) of INR 54,29,367/- which the Petitioner paid under protest. Lanxess subsequently approached the Commission under its "Power to Remove Difficulties" to resolve the procedural impossibility.

Issues at hand

- Whether a generic procedural format (Form-II), which presupposes a separate generating company and an equity-holding structure, can be rigidly insisted upon when a CGP is directly owned and operated by a corporate captive user as an internal business asset.
- Whether a distribution licensee can legally raise supplementary demands for Cross Subsidy Surcharge and Open Access charges while the primary verification of captive status is still pending final determination before the Designated Authority.

Decision of the Court/Tribunal

- Overriding Primacy of Substantive Law Over Procedural Formats: The Commission ruled that procedural rules and templates are merely the "handmaid of justice" and cannot be interpreted so rigidly as to override or extinguish substantive statutory rights. Form-II was structurally customized for multi-entity or SPV models where a captive user holds independent equity. Applying this layout mechanically to direct corporate asset structures demands a factual and legal impossibility, as a company is legally barred under Section 67 of the Companies Act from holding its own shares, and an asset cannot issue equity.
- Sufficiency of Proprietary Interest Verification: The Commission clarified that Section 9 read with Rule 3 of the Electricity Rules, 2005, explicitly recognizes ownership through *either* equity share capital with voting rights *or* proprietary interest and control over the generating station. The Petitioner's Chartered Accountant certificate (Annexure-III) verifying direct ownership and complete self-consumption fully satisfied the substantive, qualitative baselines of the Electricity Rules.
- Quashing of Premature and Consequential Demands: MPERC unequivocally held that the levy of CSS, additional surcharges, or allied open access charges under Clause 5 of the Detailed Procedure is strictly contingent upon a conclusive *failure* to meet the captive criteria. A distribution licensee cannot automatically manifest financial penalties purely due to ongoing or stalled verification proceedings. Because the authority had not rendered an adverse order declaring the plant non-captive, the supplementary demand bill of ₹6,54,82,025/- was ruled premature and unsustainable.
- Regulatory Maintainability and Scope of "Removal of Difficulties: The Commission dismissed the licensee's maintainability objections. It clarified that under Clause 3.3.4 of the procedure, an appeal to the CGP Status Committee requires a prior, finalized "decision" by the Designated Authority. Where no final decision exists and the deadlock concerns a structural flaw or ambiguity in the implementation of regulatory formats, the Commission retains exclusive, overriding jurisdiction to exercise its powers under Regulation 10 to remove such operational difficulties.
- Consequential Operative Orders: The Commission directed MPSLDC to finalize the verification of the Petitioner's captive status within 15 days using the provided auditor's certificate without insisting on Form-II. Crucially, the Commission mandated that this relaxed approach be adopted uniformly across the state for all direct asset-based corporate captive models. Upon successful verification, the ₹54,29,367/- paid under protest must be refunded via utility bill adjustments along with a high compensatory interest rate matching the SBI 1-year lending rate plus 5%.

HSA
Viewpoint

This decision provides a vital, legally sharp reality check to regulatory authorities who elevate form over substance. By harmonizing procedural rules with corporate realities and Rule 3 of the Electricity Rules, 2005, the Commission properly prevented an absurd situation where an operational captive unit would be legally forced to hold shares in itself.

Apraava Renewable Energy Private Limited (formerly known as CLP Wind Farms (India) Private Limited) v. M.P. Power Management Company Limited (MPPMCL).

Petition No. 02 of 2026; Madhya Pradesh Electricity Regulatory Commission (MPERC); Final Order dated May 29, 2026

Background facts

- Contractual Relationship**:**
  - The Petitioner, Apraava Renewable Energy Private Limited ("AREPL", formerly known as CLP Wind Farms (India) Private Limited), owns and operates a 92 MW wind energy power project in the Dewas district of Madhya Pradesh. It has been supplying renewable power to the Respondent, M.P. Power Management Company Limited (**MPPMCL**)—the state distribution licensee—for over nine years under three distinct Wind Energy Purchase Agreements (WEPAs) dated August 7, 2015, and January 19, 2016, at an MPERC-approved tariff of INR 5.92/kWh.
- Statutory Name Change:
  - On December 31, 2021, the Petitioner underwent a *simpliciter* corporate name change from "CLP Wind Farms (India) Private Limited" to "Apraava Renewable Energy Private Limited," which was formalised via a fresh Certificate of Incorporation issued by the Registrar of Companies (RoC).
- Administrative Delay & Exogenous Conditions:
  - The Petitioner formally intimated MPPMCL of the name change on January 25, 2022, requesting that it be recorded via a supplementary agreement. Over the course of the next three years, MPPMCL persistently delayed the process and effectively conditioned the execution of the PPA amendments upon completely distinct operational and commercial prerequisites.
- The Demands:
  - MPPMCL demanded that the generator submit a certificate from the New and Renewable Energy Department (**MP NRED**) (which the Petitioner obtained on October 5, 2023); provide a financial year-wise breakdown or an undertaking regarding Clean Development Mechanism benefits; submit a No Objection Certificate from the original project developer (M/s Gamesa Renewable Pvt. Ltd.); settle grid-drawal power invoices via a "No-Dues Certificate" from regional Discoms; and submit a comprehensive meter installation report certifying compliance with the Central Electricity Authority (**CEA**) Metering Regulations.
- Commercial Prejudice:
  - While commercial billing and payments were de facto routed in the new name, MPPMCL refused to update the text of the core agreements. This structural mismatch caused ongoing legal and compliance prejudice to the Petitioner, who faced adverse queries, risk of audit qualifications, and potential covenant breaches from its lenders, security trustees, and statutory auditors. The Petitioner consequently moved MPERC for relief**).**

Issues at hand

- Whether a regulated state distribution licensee can lawfully withhold or condition the formal recording of a statutory corporate name change upon a generator's compliance with distinct operational, grid, or metering standards.

- Whether a change in a company's corporate name under Sections 13 and 18 of the Companies Act, 2013 alters its distinct legal identity, corporate personality, or pre-existing contractual obligations under a concluded PPA.
- Whether MPERC has exclusive jurisdiction under Section 86 of the Electricity Act, 2003 over disputes concerning clerical amendments to an approved PPA, or whether such disputes are subject to contractual arbitration.

Decision of the Court / Tribunal

- Overriding Regulatory Jurisdiction:
  - The Commission categorically rejected MPPMCL's preliminary objection that non- tariff disputes must be referred exclusively to arbitration under Clause 13.3.2 of the PPA. MPERC held that the formal recognition and amendment of an already approved PPA involving a state utility fall squarely within the statutory regulatory oversight vested in the State Commission under Section 86 of the Electricity Act, 2003.
- Corporate Continuity & Lawful Identity:
  - MPERC reaffirmed that a *simpliciter* corporate name changes effectuated under the Companies Act, 2013, and validated by a RoC Certificate of Incorporation, operates as a structural continuity of the corporate entity. It does not dissolve the company, constitute a transfer of asset/service connection, or alter its legal identity. Consequently, third-party state entities possess no administrative discretion to question or delay recording it.
- Decoupling Operational Issues from Clerical Updates:
  - The Commission held that the operational restrictions, metering issues, and financial dues raised by MPPMCL were entirely vague, extraneous, and completely detached from the clerical registration of a corporate name change. It ruled that compliance with independent regulatory frameworks (such as CEA Metering Rules or financial dues) cannot be weaponised as a pre-condition to block a statutory name modification.
- Preservation of Liability & Right to Recourse:
  - MPERC explicitly clarified that allowing the name change does not extinguish, dilute, or wipe out any of the generator's prior or current operational liabilities under the WEPAs. All rights and obligations remain fully binding on the Petitioner under its new name, and the regional distribution companies (such as MPPKVVCL) remain legally free to pursue independent, distinct legal actions to recover any outstanding dues or enforce metering compliance.
- Peremptory Mandate:
  - MPERC allowed the petition in its entirety, issuing a mandatory directive to MPPMCL to execute the necessary supplementary amendments to the three WEPAs reflecting the name change unconditionally within thirty (30) days from the date of the order and file a compliance report.

HSA
Viewpoint

MPERC's ruling prevents distribution utilities from using routine administrative updates to pressure parties over unrelated disputes. Consistent with the 2020 Appellate Tribunal for Electricity decision in *Techno Electric*, it affirms that a corporate name change is a matter of company law, not contractual renegotiation, thereby protecting clean energy developers and financiers by ensuring necessary clerical amendments are not delayed by arbitrary administrative actions.

M/s M.B. Power Madhya Pradesh Limited v. M.P. Power Management Company Limited & Ors.

Petition No. 04 of 2026; Madhya Pradesh Electricity Regulatory Commission (MPERC)

Background facts

- The Petitioner, M/s M.B. Power (Madhya Pradesh) Limited, is a generating company under Section 2(28) of the Electricity Act, 2003, that developed and

operates a 2×600 MW (totaling 1200 MW) sub-critical, coal-based thermal power plant located in the Anuppur District of Madhya Pradesh. Unit No. 1 and Unit No. 2 of the project achieved their respective Dates of Commercial Operation (COD) on May 20, 2015, and April 7, 2016, placing the project's original regulatory cut-off date at March 31, 2019.

- Power Purchase Commitments: On January 5, 2011, the Petitioner executed a long-term Power Purchase Agreement (**PPA**) with the M.P. Power Trading Company Limited (now represented by Respondent No. 1, M.P. Power Management Company Limited, acting on behalf of all three state distribution licensees) for the sale of 30% of its installed operational capacity at a regulated, cost-plus tariff determined by the Commission. An additional 5% of net power was contracted to the Government of Madhya Pradesh on May 4, 2011, exclusively for variable charges.
- Emission Control Infrastructure: To comply with revised environmental norms issued by the Ministry of Environment, Forest and Climate Change (**MoEF&CC**) targeting Sulphur Dioxide (SO_2) emissions, the Petitioner retrofitted the station with Flue Gas Desulphurization (FGD) systems. The FGD infrastructure for Unit No. 1 and Unit No. 2 achieved operational status (Date of Operation—"ODe") on March 21, 2024, and May 31, 2024, respectively.
- Prior Tariff Determinations: The underlying financial baselines for the project were formally set by the MPERC via two separate Multi-Year Tariff (**MYT**) orders for the control period spanning April 1, 2024, to March 31, 2029. Specifically, the project's baseline Annual Capacity (Fixed) Charges for FY 2024–25 were approved via order dated February 28, 2025 (Petition No. 57 of 2024), while the baseline Multi-Year Supplementary Tariff for the FGD infrastructure was approved via order dated November 27, 2025 (Petition No. 23 of 2025).
- In the subject petition (Petition No. 04 of 2026), the Petitioner moved the Commission under Sections 62 and 86(1)(a) of the Electricity Act, 2003, for the formal truing-up of tariffs for FY 2024–25, based on audited annual accounts and actual cash expenditures. The dispute arose as the Petitioner sought to adjust its capital base through an additional capitalization claim of ₹4.11 Crore for plant R&R/diversion costs and ₹68.06 Crore for the FGD system. Concurrently, the Petitioner introduced substantial retrospective claims, demanding the grossing-up of its base Return on Equity (RoE) with applicable statutory tax rates dating back to FY 2015–16. This claim was resisted by the state procurer (MPPMCL) on the grounds that the corporate legal entity paid zero actual income tax during that decade and that such historical adjustments were barred by limitation.

Issues at hand

- Whether a generating company can claim grossed-up RoE despite paying no actual income tax due to losses in its unregulated business.
- Whether an APTEL interpretation of tariff regulations constitutes a "Change in Law" under the PPA, permitting past claims despite limitation.
- Whether EPC early-commissioning incentives qualify as Additional Capitalization for a mandated environmental project.

Decision of the Court / Tribunal

- Allowance of Standalone RoE Grossing-Up: The Commission upheld the principle of regulatory "ring-fencing," deciding that a regulated business segment must be treated as a watertight compartment independent of a company's unregulated losses. Citing the appellate precedent in the Tata Power and Jaiprakash Power Ventures Limited (JPVL) judgments, the MPERC held that if the regulated asset is profitable on a standalone basis, it is entitled to an RoE grossed up by the applicable statutory tax rate, regardless of a "Nil" tax liability at the aggregate corporate level.
- Application of Specific Tax Regimes: For the grossing-up mechanism, the Commission applied the Minimum Alternate Tax (MAT) rate for the loss-incurring corporate years (FY 2015-16 to FY 2019-20) where stand-alone book profits existed, and the concessional corporate tax rate under Section 115BAA of the Income Tax Act, 1961, for the subsequent periods (FY 2020- 21 to FY 2024-25).
- Judicial Precedent as a Change in Law Event: The MPERC affirmed that a landmark change in the legal interpretation of tariff rules by a competent court (such as APTEL) constitutes an interpretative "Change in Law" under Article 12 of the PPA. Consequently, because the cause of action arose only upon the

pronouncement of the JPVL judgments in 2024 and 2025, the petitioner's historical claims stretching back to FY 2015-16 were deemed legally valid and not barred by the law of limitation.

- Disallowance of Early Commissioning Incentives: The Commission disallowed the petitioner's claim of Rs. 22.53 Crore paid as an incentive to the EPC contractor for early completion of the FGD system. The regulatory body observed that the generator had merely adhered to the baseline statutory timelines mandated by the Ministry of Environment, Forest and Climate Change (MoEF&CC), and contractual bonuses cannot be loaded onto consumers without an exceptional public utility justification.
- Disallowance of Post-Commissioning Pre-Operative Expenses: The claim of Rs. 1.13 Crore for Incidental Expenditure During Construction (IEDC) was rejected because it was incurred after the system achieved its actual Date of Operation (ODe), running counter to Regulation 20.2 which restricts such soft costs to the pre-commissioning phase.
- Sharing of Re-financing Gains: In compliance with Regulation 59.1, the net interest savings of 1.28% achieved by replacing high-interest loans (SBI/Axis) with low-interest IIFCL credit were approved to be shared between the generator and the beneficiary in a 50:50 ratio, permitting a recovery of Rs.4.73 Crore.

HSA
Viewpoint

This ruling reinforces the principle of regulatory ring-fencing by protecting regulated returns from losses in unregulated businesses, ensuring the financial viability of regulated assets. It also establishes that an authoritative judicial interpretation can constitute a "Change in Law," enabling legitimate past claims despite limitation concerns. At the same time, MPERC's rejection of EPC early-commissioning incentives underscores that only prudent, statutory project costs—not discretionary commercial premiums—are recoverable through tariff.

PM Mitra Park Madhya Pradesh Ltd. v. MP Paschim Kshetra Vidyut Vitaran Co. Ltd. & Ors.

Petition No. 147 of 2025; Madhya Pradesh Electricity Regulatory Commission (MPERC)

Background facts

- he Petitioner is a Special Purpose Vehicle (SPV) owned jointly by the Government of Madhya Pradesh (51%) and the Government of India (49%), incorporated to develop a world-class integrated textile industrial park (PM MITRA Park) at Bhensola, District Dhar. On September 29, 2023, the State Government officially notified the Bhensola industrial area as the "minimum area of supply" for a distribution licence and authorized the Petitioner to provide all utility services, including electricity.
- Infrastructure Funding & Project Structure: The Petitioner applied to the MPERC for a 25-year power distribution licence, proposing an estimated capital expenditure of ₹340.12 Crore to build an independent distribution network. Instead of commercial debt, the project is structured to be entirely funded via central government Development Capital Support grants under the PM MITRA scheme and over ₹525 Crore generated independently from allottees as development charges.
- Power Procurement Strategy: To provide competitive tariffs, the Petitioner planned a flexible power sourcing strategy combining long/medium-term arrangements (benchmarked against the state's Average Power Purchase Cost of ₹4.09/kWh), open market purchases, and distributed renewable energy infrastructure (such as an in-park solar plant).
- Regulatory Opposition: While the State's Energy Department and Transmission Utility supported the project, the incumbent state discom and bulk supplier (MP Paschim Kshetra Vidyut Vitaran Co. and MPPMCL) strongly opposed it. The incumbents argued that granting a parallel licence to a high-paying industrial cluster amounted to "cherry-picking," which would disrupt the state's Resource Adequacy Plan and cross-subsidy matrix. They also claimed the newly formed

SPV lacked the mandatory three-year past financial track record and organizational readiness required under licensing regulations.

Issues at hand

- Whether a newly incorporated government-backed SPV can be granted a parallel distribution licence in a greenfield industrial area under Sections 14 and 15 of the Electricity Act, 2003, despite lacking a standalone three-year financial operational track record.
- Whether the potential loss of future industrial consumers and the subsequent impact on the cross-subsidy matrix of an incumbent licensee constitute valid legal grounds to deny a distribution licence under the parallel licensing framework of the Electricity Act, 2003.
- Whether a provisional, phased organizational structure and a flexible power procurement strategy satisfy the regulatory requirements of capability and creditworthiness at the stage of granting a licence.

Decision of the Court / Tribunal

- The Commission held that the fifth proviso to Section 14 of the Electricity Act, 2003 explicitly permits parallel distribution licensees and mandates that a licence cannot be refused merely because an incumbent licensee already operates in that area. Since the licence applies to a greenfield industrial area with no existing consumers, any alleged revenue loss or impact on the state's Resource Adequacy Plan by the incumbent DISCOM is purely speculative and assumptive.
- The MPERC clarified that Rule 3 of the Central Government's 2005 Capital Adequacy Rules and MPERC Regulations expressly permit the evaluation of the financial capability and net worth of the *promoters* when the applicant is a company. A newly incorporated government SPV is not legally required to possess a standalone three-year operational history if it is heavily backed by sanctioned government grants-in-aid (such as the PM MITRA Scheme) and consumer-generated development charges. The project's self-sustaining model (funded via grants and development fees without debt) satisfied the capital requirements.
- The Commission ruled that an indicative power purchase plan and state average power purchase cost (APPC) figures are sufficient for the initial grant of a licence. Conclusive power purchase plans and precise Renewable Consumption Obligation (RCO) compliance strategies must be scrutinized later during the formal approval of the licensee's Resource Adequacy Plan and Aggregate Revenue Requirement (ARR) petitions.
- The organizational requirement under Regulation 5.1 is satisfied if a newly formed SPV functions under the aegis and direct managerial hand-holding of an experienced state agency (in this case, MPIDC, which already manages parallel distribution infrastructure in other industrial SEZs).
- Disposition: Finding all statutory and public notice mandates fulfilled, the Commission approved the grant of a 25-year distribution licence to the Petitioner.

HSA
Viewpoint

These ruling advances the pro-competitive objectives of the Electricity Act, 2003 by preventing incumbent DISCOMs from blocking new distribution licensees in greenfield industrial zones. It clarifies that capital adequacy requirements should not hinder government-backed SPVs with adequate promoter support, thereby facilitating utility competition, competitive tariffs, and faster development of industrial parks while preserving regulatory scrutiny over future tariffs and costs.

CONTRIBUTIONS BY

Molshree Bhatnagar (Partner)	Nitish Gupta (Partner)	Shubhi Sharma (Partner)
Nipun Sharma (Associate Partner)	Tushar Srivastava (Associate Partner)	Rishabh Sehgal (Principal Associate)
Aastha Bansal (Associate)	Arshiya Sharma (Associate)	Harshit Dhamija (Associate)
Kamya Sharma (Associate)	Shambhavi Jha (Associate)	Shaurya Kapoor (Associate)
Vandana Ragwani (Associate)	Varnika Tyagi (Associate)	Parth Tyagi (Associate)

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CONTACT US

www.hsalegal.com

mail@hsalegal.com

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