ISSUE 5 | JANUARY 2026

Power Peak Digest

Regulatory Digest

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Editorial

As India enters 2026, the power sector is shifting from targets to execution. The developments covered here reflect a move toward system building. Renewable energy is now centred on integration, storage, and market design, while grid expansion is accompanied by modernisation and digitisation.

This edition covers key policy, regulatory, and judicial developments. Supreme Court rulings, new frameworks on virtual power purchase agreements, green open access, and storage tariffs point to a common direction. Institutions are laying the foundations for a more resilient power system.

State commissions have played a larger role, with significant actions in Chhattisgarh, Karnataka, Tamil Nadu, and Rajasthan. At the centre, the Central Electricity Regulatory Commission has continued to refine market rules and strengthen compliance.

Structural challenges remain. Distribution finances and execution delays will shape how far recent reforms translate into outcomes. We hope this edition serves as a useful reference for professionals working across India's power sector.

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Policy Landscape

The year 2025 marked a pivotal evolution in India's power sector, driven by a comprehensive suite of policy reforms, regulatory updates, and strategic initiatives. These measures were aimed at accelerating the energy transition, modernizing grid infrastructure, and fostering domestic manufacturing across the energy value chain. Across ministries and regulatory bodies, a clear focus emerged on building a resilient and self-sufficient power system aligned with India's 2030 and 2070 climate goals.

Renewable Energy Expansion and Integration

The renewable energy sector saw targeted growth and consolidation. Key moves included expanding the Approved List of Models and Manufacturers (ALMM) for solar modules, rolling out a dedicated ALMM list for solar cells, and proposing higher efficiency standards for modules from 2027. The Ministry of Power withdrew the Uniform Renewable Energy Tariff mechanism, unlocking stalled projects and allowing market-based pricing. To better integrate renewables, a mandate for co-located energy storage in new solar tenders was introduced, and the Central Electricity Regulatory Commission proposed tighter grid compliance norms for wind and solar generators.

Energy Storage

Storage transitioned from a peripheral concept to a core grid solution. Legal clarity was provided by amending the Electricity Rules to define Energy Storage Systems (ESS) as standalone or integrated assets. A major Rs 5,400 crore Viability Gap Funding scheme was approved for 30 GWh of battery storage. Draft safety standards for Battery Energy Storage Systems (BESS) were introduced, and Grid-India released procedures for connecting storage to the interstate grid, including transmission charge waivers to spur early projects.

Transmission and Grid Modernisation

Strengthening and modernizing the grid was a priority. Reforms aimed to expedite transmission project approvals, revise land compensation rules, and enhance planning coordination through regional committees. Digitization advanced with the launch of the India Energy Stack initiative and a new national grid monitoring system. The Central Electricity Authority also released STELLAR, an indigenous power planning software tool for states and utilities.

Distribution Sector Reforms and Consumer Focus

Reforms targeted the financial and operational health of distribution companies (discoms). The Revamped Distribution Sector Scheme received significant funding in the Union Budget. A draft Electricity Amendment Bill proposed mandating cost-reflective tariffs and phasing out cross-subsidies. New guidelines standardized maintenance benchmarks for utilities, and metering regulations were updated to support smart meter interoperability and consumer choice.

Green Hydrogen and Emerging Technologies

The National Green Hydrogen Mission gained operational shape with the launch of a Green Hydrogen Certification Scheme, setting an emissions threshold. Guidelines were revised to promote Hydrogen Valleys and large-scale hubs. Funding calls were issued for R&D and biomass-based hydrogen

pilots, and several hydrogen vehicle pilot projects were inaugurated across the country.

Electric Mobility Ecosystem
Policy pushed for deeper domestic manufacturing and expanded infrastructure. The Ministry of Heavy Industries mandated 100% domestic content for key EV components to qualify for subsidies and issued final guidelines to attract global EV manufacturers. Incentives were notified for e-truck deployment and expanding public charging infrastructure.

Conventional Power and Fuel Security
The focus was on ensuring fuel supply and managing emissions. The revised SHAKTI policy introduced a new dual-window system for coal allocation. While deadlines for SO_2 emission norms for thermal plants were extended, a draft framework for Greenhouse Gas Emission Intensity Targets was introduced. The mandate for installing Flue Gas Desulphurization (FGD) systems was significantly narrowed to apply only to plants near densely populated areas.

Critical Minerals, Recycling, and Self-Reliance
Building domestic supply chains was emphasized. The National Critical Mineral Mission was approved, accompanied by a scheme to boost recycling from e-waste and battery scrap. The Ministry of Mines launched a tracking dashboard for auctioned blocks, and the Central Electricity Authority identified 73 high-priority imported power components for localisation.

Carbon Markets and Compliance
India operationalized its carbon market framework by approving an offset mechanism and project methodologies. Draft rules were issued for setting Greenhouse Gas Emission Intensity Targets for industries, and revised Renewable Consumption Obligation targets were circulated to unify national compliance.

Regulatory and Market Innovations
Market design saw significant upgrades. Cross-border trade regulations were reformed under a General Network Access framework, and short-term power trading rules were amended for greater transparency. Monthly electricity futures contracts were launched on the National Stock Exchange, providing new financial risk management tools.

Nuclear and Hydro Power
In a historic reform, the atomic energy sector was opened to private participation via the SHANTI Act to help meet capacity targets. For hydropower, approval thresholds for projects were revised and a new dispute avoidance mechanism was introduced for central public sector projects.

Conclusion
Taken together, 2025 reflected a shift from headline targets to system-level execution in India's power sector. Policy attention moved beyond capacity addition to grid stability, storage integration, market design, and domestic supply chains. Regulatory interventions increasingly focused on clarity, standardisation, and long-term signals for investors and utilities. While several reforms remain at the draft or early implementation stage, the direction was consistent. The year laid the institutional and regulatory groundwork for managing higher renewable penetration, improving utility performance, and aligning the power system with India's climate and industrial objectives. The outcomes of these measures will depend on execution in the coming years, but 2025 clearly marked a transition from intent to infrastructure.

From the Bench

Court Orders

Supreme Court eases power line curbs to balance GIB conservation and renewables

The Supreme Court of India has delivered its final judgment on the long running case concerning the protection of the Great Indian Bustard and the expansion of renewable energy infrastructure in Rajasthan and Gujarat. In its order dated 19 December 2025, the Court largely accepted the recommendations of a court appointed expert committee and modified its earlier blanket restrictions on overhead power lines.

The case arose from Writ Petition filed by conservationists, including M K Ranjitsinh. The petition highlighted the high mortality of the Great Indian Bustard (GIB), locally known as Godawan, due to collisions with overhead transmission lines. The species has an estimated mature population of 50 to 249 birds, largely confined to the Thar desert regions of Rajasthan and Gujarat, which also host large scale solar and wind projects.

In April 2021, the Supreme Court imposed a blanket prohibition on new overhead transmission lines across about 99,000 sq km of priority and potential GIB habitat in the two states. It also directed the undergrounding of existing lines where feasible and installation of bird flight diverters on overhead lines. The Union Government later sought modification of these directions, citing technical constraints and their impact on renewable energy targets.

In March 2024, the Court recalled the earlier directions and constituted a seven member expert committee, with additional power sector experts, to recommend a balanced and science based approach. The committee submitted separate reports for Rajasthan and Gujarat after field assessments and stakeholder consultations.

For Rajasthan, the committee recommended revising the GIB priority area to 14,013 sq km. It proposed a dedicated power corridor of up to 5 km width south of the Desert National Park, through which all new 66 kV and above transmission lines within the priority area would be routed. It also recommended prohibiting new wind turbines and solar projects above 2 MW capacity within the revised priority area.

The committee called for immediate undergrounding of 80 km of identified 33 kV lines, re routing of select 66 kV and above lines, and mitigation of 11 kV and lower voltage lines using insulated or bunched cables. It did not recommend large scale use of bird flight diverters, citing limited evidence of effectiveness for bustards and high maintenance requirements.

For Gujarat, the committee expanded the priority area from 500 sq km to 740 sq km and identified two dedicated power corridors to consolidate transmission lines. It recommended undergrounding or re routing of 33 kV and critical 66 kV lines, with mitigation to be completed in phases over two years.

In its judgment, the Court accepted the committee's recommendations and rejected calls for stricter measures such as a complete ban on overhead lines, mandatory bird flight diverters on all lines, and dismantling of existing wind turbines. The Court held that the expert committee had struck an appropriate balance between species conservation and renewable energy development.

The Court issued binding directions giving effect to the committee's core recommendations. These include formalising the revised priority areas, enforcing restrictions on new renewable projects within these areas, approving dedicated power corridors, and mandating undergrounding and re routing of identified transmission lines within two years, by December 2027. It also directed route optimisation for future lines and ordered studies on bird flight diverter effectiveness and climate change impacts on the GIB.

The judgment marks a shift from absolute prohibitions to a managed coexistence approach. It places responsibility on central and state authorities, power utilities, and developers to implement time bound mitigation measures while safeguarding one of India's most endangered species.

Supreme Court upholds LPS carrying cost, sends compounding issue to APTEL

The Supreme Court of India, in its civil appellate jurisdiction, partially allowed Civil Appeal RattanIndia Power Limited v. Maharashtra State Electricity Distribution Company Limited & Anr. on December 10, 2025. The Court upheld the Appellate Tribunal for Electricity's (APTEL) direction to pay Carrying Cost at the Late Payment Surcharge (LPS) rate but remanded the specific issue of whether such interest should be compounded back to APTEL for fresh determination based on the facts of the case.

Facts and Procedural History

The dispute originated from claims by RattanIndia Power Limited (RPL) for compensation due to various 'Change in Law' events under its Power Purchase Agreements (PPAs) with the Maharashtra State Electricity Distribution Company Limited (MSEDCL). The Maharashtra Electricity Regulatory Commission (MERC) initially allowed certain claims but denied Carrying Cost. APTEL, on appeal, remanded the matter to MERC, directing it to decide afresh while bearing in mind its observations and previous rulings which indicated that Carrying Cost was payable. Upon remand, MERC awarded Carrying Cost but computed it using a simple interest rate based on working capital norms, not the LPS rate stipulated in the PPA. RPL appealed to APTEL, which then directed MERC to compute Carrying Cost at the LPS rate. However, APTEL denied RPL's claim for compounding of this interest, leading to the present appeal before the Supreme Court solely on the denial of compounding.

The Supreme Court's Analysis and Decision

The Court framed four primary issues. On the first issue, it examined whether the earlier APTEL remand order bound the tribunals to award LPS without compounding. The Court held that while the remand order indicated grant of LPS benefit, it did not conclusively settle the issue.

The Court stated, "when a matter is remanded the lis is alive, unless directed otherwise. Therefore, the lis has to be decided in accordance with law." It further observed that a subordinate adjudicating body must apply the law as it stands when deciding a remanded matter, even if subsequent legal developments occur.

On the second issue, regarding MSEDCL's challenge to the LPS rate award without filing a cross-appeal, the Court found that by not preferring an appeal or cross-objection, MSEDCL had "given up its right to challenge the award of compensation to the appellant of Carrying Cost with interest at LPS rate."

For the third issue, the Court declined to exercise its extraordinary constitutional powers under Article 136 to interfere broadly in the statutory commercial regime, finding no exceptional circumstances.

The core of the appeal, the fourth issue, concerned whether the direction to pay Carrying Cost at the LPS rate inherently included compounding interest. The Court referenced its earlier judgment in Uttar Haryana Bijli Vitran Nigam Ltd. & Anr. v. Adani Power (Mundra) Ltd. & Anr., noting that "Grant of compound interest on carrying cost and that too from the date of occurrence of the change in law event is based on sound logic." However, it clarified that whether compounding is necessary to achieve restitution "would have to be addressed on the facts of the case." The Court found that APTEL had denied compounding solely based on its interpretation of the finality of the remand order. Consequently, the Supreme Court set aside this limited finding.

Operative Outcome

The Supreme Court allowed the appeal in part. It upheld APTEL's impugned order directing payment of Carrying Cost at the LPS rate.

The Court remitted the singular issue of "whether compounding of interest is to be allowed" back to APTEL for a fresh decision based on the facts of the case and in accordance with law. All other aspects of the dispute were closed.

Supreme Court rules open-cycle gas turbine power as firm power, upholds fixed charges

The Supreme Court of India dismissed Civil Appeal Tamil Nadu Generation and Distribution Corporation Ltd. v. M/s Penna Electricity Limited on December 16, 2025. The Court affirmed the concurrent findings of the Tamil Nadu Electricity Regulatory Commission (TNERC) and the Appellate Tribunal for Electricity (APTEL), ruling that power supplied from a gas turbine in open cycle mode, before the full combined cycle operation, constituted firm power for which fixed charges were payable.

Facts and Procedural Background

The dispute centred on the classification of electricity supplied by Penna Electricity Limited (the respondent) to TANGEDCO (the appellant) from October 29, 2005, to June 30, 2006. This power was generated by a gas turbine operating in open cycle mode, before the project's steam turbine was commissioned to achieve full combined cycle operation on July 1, 2006. TANGEDCO contended that, under the amended Power Purchase Agreement (PPA) dated August 25, 2004, the Commercial Operation Date (COD) for the entire project was July 1, 2006. Therefore, any power supplied before that date was "infirm power," entitling the generator only to variable charges. The respondent argued that the unapproved PPA conflicted with applicable tariff regulations, which recognized a separate COD for the gas turbine unit from its synchronization date, making the continuous supply firm power eligible for fixed charges.

The Supreme Court's Analysis and Decision

The Court framed the crucial question as whether the amended PPA conflicted with the Central Electricity Regulatory Commission (CERC) Regulations, 2004, and the TNERC Regulations, 2005. It held that a clear dichotomy existed. The PPA defined COD based on the entire project achieving tested capacity with both turbines. In contrast, the regulations defined COD in relation to a unit. The Court noted that the regulations

prescribed COD from the date declared by the generator after demonstrating successful trial performance.

Consequently, the Court held that the PPA was not aligned with the regulatory framework and needed to conform to it. Applying the regulatory definitions, the gas turbine achieved COD upon synchronization and successful trial on October 29, 2005. Since power was supplied continuously from that date, it was classified as firm power. The Court stated that denying fixed charges would permanently deprive the generator of lawful dues and would be unjust.

The Court rejected TANGEDCO's arguments regarding contractual estoppel and applicability of later state regulations, noting that statutory regulations override contractual terms and the PPA must align with the law.

Operative Outcome

The Supreme Court dismissed the appeal and upheld the orders of TNERC and APTEL. It directed TANGEDCO to pay the respondent the remaining fixed charges for the period in question within twelve weeks, in addition to the interim Rs 50 crore already paid.

Karnataka High Court backs state's emergency power directions to generators

The Karnataka High Court has ruled that the state government possesses the authority under the Electricity Act, 2003, to direct power generators to supply electricity to the state grid during periods of acute shortage. A Division Bench comprising Justices Anu Sivaraman and Rajesh Rai K passed the order on December 19, 2025, allowing the state's appeal against a Single Judge's order that had struck down a government directive from October 2023.

Facts and case background

The case, State Load Dispatch Center & Ors. v. NSL Sugars Limited & Ors., centered on a government order issued under Section 11 of the Electricity Act during a severe power crisis. The order mandated all generators within Karnataka to operate at maximum capacity and supply all electricity to the state grid at a provisional tariff of Rs 4.86 per unit, citing failed monsoons, depleted hydro reservoirs, and a significant demand-supply gap.

The Single Judge had quashed the order in March 2024, accepting the arguments of several generating companies, primarily sugar cogeneration plants engaged in inter-state power sales. The judge held that for entities involved in inter-state transmission, the Central Government, not the State Government, was the appropriate government empowered to issue such directions under the Act.

High Court's reasoning
The Division Bench reversed this decision on three key grounds.

First, it held that the Supreme Court observations relied upon by the Single Judge, from Energy Watchdog v. CERC, were delivered in a different context relating to tariff determination for composite schemes and did not control interpretation of Section 11. The Bench held that the Single Judge ought to have followed the binding precedent of a coordinate Bench of the Karnataka High Court in GMR Energy Ltd. v. Government of Karnataka.

Second, the Court ruled that Section 11 is a standalone emergency provision. Reading the definition of "appropriate government" contextually, the Bench held that during a state specific electricity crisis, the State Government is the competent authority for generators located within Karnataka, even if they engage in inter-state sales. The Court observed that electricity crises are inherently regional and noted that financial consequences for generators are addressed through Section 11(2) by the State Regulatory Commission (KERC).

Third, the Court held that the respondent entities were embedded state generators, not large inter-state generating companies, and distinguished their situation accordingly. It further ruled that a licensed trader, not being a generating company, lacked the legal standing to challenge directions issued exclusively to generators.

Outcome
The Division Bench set aside the Single Judge's order and restored the Karnataka Government's directive dated October 16, 2023, along with related communications from the State Load Dispatch Centre withdrawing permissions for inter-state sales.

Madras High Court upholds TANGEDCO's demand charges, clears path to recover Rs 700 crore

The Madras High Court ruled in favour of the Tamil Nadu Power Distribution Corporation Ltd (formerly TANGEDCO) in a long-pending dispute over demand charges. In a judgment dated 11 December, a Division Bench comprising Justice G. Jayachandran and Justice Mummineni Sudheer Kumar allowed over 100 writ appeals filed by the utility and set aside an earlier Single Judge order that had quashed demand charges billed to high-tension industrial consumers.

Background to the dispute
The dispute originated in 2006 when the Tamil Nadu Electricity Regulatory Commission introduced a concessional "deemed demand" mechanism for HT consumers who operated captive power plants or sourced power through open access while also drawing supply from TANGEDCO. This concession was withdrawn in 2012 after it was found to impact the utility's finances. Multiple HT consumers challenged the withdrawal, and in September 2018 a Single Judge ruled in their favour, preventing TANGEDCO from collecting nearly Rs 700 crore in demand charges from 2013 onwards.

Appeals and final outcome
TANGEDCO appealed the decision, and during the pendency of the case the Division Bench directed consumers to pay 50% of the disputed amount as an interim measure.

With the latest ruling, the Bench upheld the utility's position, restored the validity of the demand charges, and directed consumers to pay the remaining amount of about Rs 350 crore within three months.

Tribunal Decree

APTEL's Rulings

APTEL issues a series of rulings on power sector disputes

The Appellate Tribunal for Electricity (APTEL) delivered multiple judgments in December 2025 on appeals concerning tariff determination, project delays, regulatory jurisdiction, and payment liabilities.

Tariff for pre-2006 bagasse plants modified

On 22 December 2025, APTEL partially allowed appeals by sugar mills with bagasse-based cogeneration plants established in Tamil Nadu before May 2006. The Tribunal modified a 2016 Tamil Nadu Electricity Regulatory Commission (TNERC) order and ruled that the revised tariff for surplus power supplied to TANGEDCO will apply from 1 April 2010 instead of 21 November 2011.

APTEL remanded the issues of uniform capital cost and Station Heat Rate back to TNERC for fresh examination, noting plant-specific variations. It also directed that fuel costs applicable to post-2006 plants will apply to pre-2006 plants from 1 April 2010 and held that carrying cost is payable on the differential tariff from that date.

Solar project delay treated as force majeure

In a judgment dated 4 December 2025, APTEL partially allowed an appeal by a solar power generator against a 2019 Karnataka Electricity Regulatory Commission (KERC) order. The Tribunal set aside KERC's denial of time extension and imposition of damages for delay in commissioning a 1 MW solar project.

APTEL held that prolonged delays in obtaining land conversion approvals constituted a force majeure event under the Power Purchase Agreement, as the developer had adequately informed the distribution company. The tariff determination was remanded to KERC to examine whether the project's capital cost was crystallized before the original commissioning date of 1 January 2017, which would entitle the generator to a tariff of Rs 8.40 per kWh.

Dedicated gas pipelines upheld

In a 2 December 2025 order, the APTEL dismissed Sabarmati Gas Limited's appeal and upheld the Petroleum and Natural Gas Regulatory Board's view that pipelines laid by industrial consumers to carry off specification natural gas from ONGC fields qualify as dedicated pipelines. APTEL held that these pipelines do not amount to an unauthorised city gas distribution network and do not require separate authorisation.

Interest on unpaid interest granted

On 23 December 2025, APTEL partly allowed Korba Power Limited's appeal against the Haryana Electricity Regulatory Commission. The Tribunal ruled that interest is payable on unpaid interest amounts until actual payment, effective from HERC's 2016 and 2018 orders, while clarifying that this does not constitute compound interest.

Bilateral liability for transmission mismatch upheld

In a common judgment dated 11 December 2025, APTEL upheld Central Electricity Regulatory Commission orders imposing bilateral liability for transmission charges during commissioning mismatches involving BDTCL and PGCIL. The Tribunal held that the party responsible for delay must bear the charges, as no benefit accrued from the stranded assets.

CERC Watch

Central Commission Directives

CERC issues framework for virtual power purchase agreements

The Central Electricity Regulatory Commission (CERC) issued the Guidelines for Virtual Power Purchase Agreements (VPPAs) on 24 December 2025. The framework sets out how VPPAs can be used by designated consumers to meet Renewable Consumption Obligation (RCO) targets.

To meet the national target of 500 GW by 2030, the Central Government has specified minimum non-fossil energy consumption shares for Designated Consumers. These RCO targets can be met either through direct procurement of renewable energy or by using Renewable Energy Certificates (RECs).

CERC examined VPPAs, drawing on international practice, as a compliance option for RCO. Following consultations with the Securities and Exchange Board of India (SEBI), the Commission concluded that VPPAs are bilateral Over The Counter (OTC) contracts that are non-tradable and non-transferable. SEBI observed that when structured as Non-Transferable Specific Delivery (NTSD) contracts, VPPAs fall within CERC's regulatory jurisdiction and not under the Securities Contracts Regulation Act, 1956.

The guidelines have been notified under Regulation 54(3) of the Central Electricity Regulatory Commission (Power Market) Regulations, 2021.

Under the framework, a VPPA is defined as an NTSD-based OTC contract between a Consumer or Designated Consumer and a Renewable Energy Generating Station (REGS). The consumer agrees to a fixed VPPA strike price for the contract period. The REGS sells the physical electricity through power exchanges or other authorised routes, but not for Renewable Purchase Obligation or RCO compliance. Any difference between the VPPA strike price and the market settlement price is settled bilaterally between the two parties.

The guidelines set out key features of a VPPA. Electricity from the REGS is sold only through routes permitted under the Electricity Act, 2003, or the Power Market Regulations, 2021. RECs issued to the REGS are transferred to the consumer. The contract remains bilateral, non-tradable and non-transferable, with a minimum tenure of one year.

On implementation, consumers can enter into VPPAs with REGSs on mutually agreed commercial terms. The REGS is required to be registered under the applicable REC regulations. RECs arising from capacity tied to a VPPA are transferred to the consumer exclusively for RPO or RCO compliance and are not eligible for trading. Once used for compliance, these RECs are extinguished, while any surplus can be carried forward for future obligations.

Financial settlement under a VPPA is linked to the difference between the agreed strike price and the settlement price, as specified in the contract. Any disputes related to the agreement are to be resolved mutually by the contracting parties in line with their agreed terms.

CERC proposes tariff rules for integrated energy storage systems

The Central Electricity Regulatory Commission (CERC) has released draft amendments to formally include Integrated Energy Storage Systems in the tariff structure for thermal power stations and interstate transmission systems. The proposals, issued on December 1, 2025, aim to create a clear method for calculating supplementary tariffs for storage units, using defined cost, operational, and energy charging norms.

The draft "Central Electricity Regulatory Commission (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2025" seeks to revise the 2024 tariff regulations. It introduces a separate tariff framework for storage systems installed with coal, lignite, or gas-based generating stations, as well as interstate transmission systems. The notification also adds definitions for battery cycle, round-trip efficiency, and declared capacity.

Generating companies or transmission licensees that commission a storage system will need to apply for a supplementary tariff within 30 days of its commercial operation date. The tariff will include fixed storage charges based on the annual fixed cost of the system and supplementary energy charges. The energy charges will account for the cost of electricity used for charging, adjusted for round-trip efficiency and auxiliary consumption. Charging power can be sourced from the host plant, other stations, or the open market.

The draft sets operating norms for ESS, including a normative plant availability factor of 90%, round-trip efficiency of 85%, and auxiliary consumption at 5%. Operation and maintenance costs are fixed at 2% of the capital cost, with an annual escalation of 5.25% for the first two years. A base return on equity of 14.00% is proposed for storage systems treated as additional capitalisation.

The amendments also define the approval process for additional capital expenditure and set formulas for calculating and paying supplementary capacity and energy charges. They outline how gains from storage services provided in the open market or as ancillary services will be shared. Updated filing formats will require detailed technical and financial data on storage systems.

CERC revises cross border electricity trade rules

The Central Electricity Regulatory Commission (CERC) has notified the Cross Border Trade of Electricity (Second Amendment) Regulations, 2025. The amendments overhaul the access framework for cross-border electricity transactions by replacing the existing long term, medium term, and short term access provisions with a structure based on General Network Access and Temporary General Network Access.

Under the revised framework, General Network Access (GNA) has been introduced for longer duration access, while Temporary General Network Access (T GNA) will apply for short term requirements. The revised terminology has been adopted across the principal Cross Border Trade of Electricity Regulations, 2019. Applications for connectivity and GNA are now required to be submitted to the Central Transmission Utility (CTU), while applications for T GNA will be handled by the National Load Despatch Centre (NLDC).

The regulations specify that participating entities located in neighbouring countries, along with Indian electricity trading licensees, are eligible to seek GNA. A non refundable application fee of Rs 5 lakh has been prescribed for connectivity or GNA applications, while T GNA applications will attract a fee of Rs 5,000.

The amendments lay down procedures for the utilisation of spare capacity available in dedicated cross border transmission links. They also permit transmission licensees to develop the Indian portion of such dedicated links, subject to approval by the Government. Provisions have been included on recovery of transmission charges, curtailment and operational protocols, and the treatment of delays in commissioning of projects.

New annexures have been added to the regulations to address specific cases. These include modalities for Indian generating stations supplying electricity exclusively to a neighbouring country through a dedicated transmission line and methodologies for calculation of transmission charges where cross border link capacity is shared. CERC has also directed the CTU to issue detailed application procedures within three months from the date of notification.

CERC issues show cause notices to 129 Inter-State TSPs

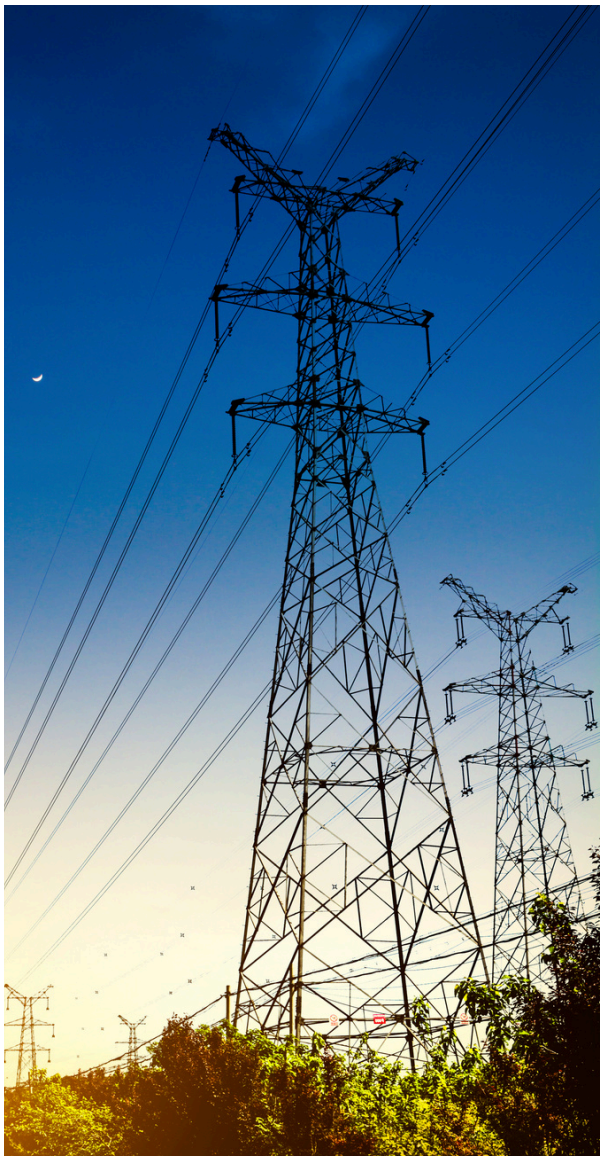
The Central Electricity Regulatory Commission (CERC), in a suo motu proceeding, has issued a show cause notice to 129 Inter-State Transmission Service Providers for failing to comply with mandatory performance reporting requirements under the CERC (Standards of Performance of Inter-State Transmission licensees) Regulations, 2012. The Commission, comprising Chairperson Jishnu Barua and Members Ramesh Babu V., Harish Dudani, and Ravinder Singh Dhillon, recorded systemic non-compliance and directed entities to explain why action under Section 142 of the Electricity Act, 2003 should not follow.

The SOP Regulations require Inter-State transmission licensees to submit annual performance reports by 30 April each year, covering achieved performance levels, compensation cases, and the total compensation paid. Licensees also need to publish this data monthly on their websites. Despite a compliance circular issued on 08 May 2025, CERC found submissions to be severely lacking.

In its order dated 25 December 2025, CERC noted that out of 162 identified TSPs, 25 had not yet achieved commercial operation. From the remaining 137 operational entities, only 30 submitted data, and even this covered only April 2022 to March 2024. No entity submitted data for April 2024 to March 2025, and 107 licensees did not submit any information. The Commission stated that almost all Inter-State transmission licensees failed to comply and recorded its displeasure over the non-reporting.

CERC has issued a show cause notice to Respondents 1 to 129, directing them to explain their non-compliance. They have been instructed to submit pending performance data for financial years 2021-22 to 2024-25, along with submission dates and reasons for any failure to file reports.

The Respondents have 15 days from the date of the order to file replies. The matter has been listed for hearing on 06 February 2026. An annexure to the order categorises 162 entities into four groups: those who submitted partial data, those who submitted none, those that achieved commercial operation after the relevant period, and those yet to achieve commercial operation.



CERC extends deadlines and issues clarifications on GNA transition challenges

The Central Electricity Regulatory Commission (CERC) has issued an order to resolve difficulties raised by renewable energy developers during the shift to the amended grid access framework. The order extends key deadlines and clarifies rules on technical compliance, energy storage system charging and land parcel changes linked to solar and non solar hour access.

The order addresses challenges in implementing the CERC Connectivity and General Network Access to the inter State Transmission System Regulations, 2022, and its amendments. The third amendment came into force on 9 September 2025 and introduced solar hour access and non solar hour access.

The Commission has extended the application window for Renewable Energy Generating Stations and Renewable Power Park Developers based on solar sources that need to convert to solar hour access entities. They now have five and a half months from 9 September 2025, or until about 22 February 2026, to apply for additional non solar hour capacity under Regulation 5.2 or Regulation 5.11(a). The same extension applies to Renewable Power Park Developers required to submit Scheduled Commercial Operation Dates under Regulation 37.10(g).

The Commission has clarified that additional inverter or wind turbine generator capacity installed to meet reactive power compensation or internal losses at the Point of Injection will not need a new connectivity application or extra bank guarantees. The Central Transmission Utility of India Limited will verify this through system studies and ensure that active power injection stays within the granted connectivity limit.

Energy Storage Systems with connectivity that are still awaiting a drawal study by the Central Transmission Utility of India Limited can charge from the grid under Temporary General Network Access. This interim permission is limited to the granted connectivity quantum and real time grid margins. The Central Transmission Utility of India Limited has been directed to complete the drawal studies within four months of the order.

The Commission has clarified that changes to land parcels made before the third amendment came into effect will not be counted against the new rule that permits only one such change after the amendment. Entities can therefore make one land parcel change after 09 September 2025 even if they changed locations earlier.

Renewable Power Park Developers based on solar sources remain eligible to seek non solar hour access under the Right of First Refusal process in Regulation 5.11(b) within the extended timeline. This eligibility is limited to the Right of First Refusal process.

Entities with an in principle connectivity grant issued before the third amendment will get at least one chance to change their energy source under Regulation 9.3, even if the earlier 18 month window has lapsed.

For cases where the Central Transmission Utility of India Limited delays issuing the final connectivity grant and does not share substation coordinates, the entity will have at least nine months from the date tentative coordinates are shared to submit land documents.

CERC panel issues standard notice on SCOD extension requirements

A committee formed by the Central Electricity Regulatory Commission (CERC) has released a standardised notice that lists the full set of information renewable energy developers must provide when seeking an extension of their Scheduled Commercial Operation Date. The notice is intended to ensure consistency in applications filed under Regulation 13(2)(h) of the CERC Sharing of ISTS Charges and Losses Regulations 2020.

The notice sets out five categories of documents that Renewable Energy Generating Stations must submit when applying for an SCOD extension. Developers must state their declared SCOD and explain its basis with extracts from Detailed Project Reports or Power Purchase Agreements. They must also show how the project aligns with central transmission planning, for example through evidence from Central Transmission Utility of India Limited plans or minutes of the Committee on Monitoring Electric Transmission Systems.

Applicants must provide all Connectivity or General Network Access grant documents issued by the Central Transmission Utility of India Limited. This includes in principle and final grant letters, the executed Connectivity or GNA Agreement, and any related correspondence on revised timelines or transmission issues.

The committee has asked for detailed information on the status of the Common Transmission System. Developers must identify the Interstate Transmission System elements relevant to their project and give progress details from official reports. They must also assess how any CTS delays affect their commissioning schedule.

The notice requires a full update on the status of the generation project. This covers land access, equipment procurement and construction progress, along with required Central Electricity Authority approvals. Developers must also provide updates on any Dedicated Transmission Line and the Generation Pooling Station, including papers that explain delays such as Right of Way disputes.

Applicants must attach supporting documents that show the baseline and updated implementation schedule and explain how delays affect commissioning and financing. The committee has advised developers to submit consolidated and complete information to support a timely review.

CERC clarifies treatment of GST changes on coal as Change in Law

The Central Electricity Regulatory Commission (CERC), in a suo motu proceeding in Petition No. 10/SM/2025, has issued directions on how generating companies should handle the financial impact of the abolition of the Goods and Services Tax (GST) Compensation Cess and the increase in the GST rate on coal. The Commission held that both developments qualify as separate Change in Law events under Power Purchase Agreements (PPAs) governed by Section 63 of the Electricity Act, 2003, and required a uniform method for calculating and passing the impact to beneficiaries.

The case arose from two Government of India notifications issued on 17 September 2025. Notification No. 9/2025-Central Tax (Rate) raised the GST rate on coal from 5% to 18%. Notification No. 2/2025-Compensation Cess (Rate) abolished the GST Compensation Cess of Rs 400 per tonne. Both came into effect from 22 September 2025. CERC stated that these statutory changes directly affect coal procurement costs and therefore fall within Change in Law provisions under applicable PPAs.

CERC observed that the two notifications have different financial effects. The GST increase raises landed coal costs while the removal of the Compensation Cess reduces them. The Commission directed that both impacts should be assessed separately. However, final tariff adjustments are to be settled on a net basis through monthly billing, either payable to or recoverable from distribution companies or beneficiary states.

The Commission clarified that eligibility for Change in Law claims will be based on the date of the coal invoice issued to the generating company. It will not depend on the date of receipt of coal at the power plant. The directive applies to all PPAs under

Section 63, except for generating companies with captive coal mines. These include Sasan Power Ltd., NTPC, THDC, DVC, and NLC Ltd. For PPAs where the contractual cut-off date is 21 September 2025 or earlier, the impact on generation cost will be adjusted accordingly.

To maintain consistency with its earlier decision in Petition No. 13/SM/2017, CERC instructed generators to calculate the net effect of these statutory changes station wise and month-wise. They are required to share complete details with beneficiary distribution companies along with a certificate from an independent auditor. The order requires generators to refund amounts where applicable. Any provisional billing adjustments must be reconciled in line with the Electricity (Timely Recovery of Costs due to Change in Law) Rules, 2021.

CERC also accepted submissions that cost claims must be supported through an independent third-party auditor certification. The petition has been disposed of, with the Commission stating that any dispute arising from implementation may be brought before it for resolution.

CERC finalizes tariffs for wind and solar projects

The Central Electricity Regulatory Commission (CERC) has issued multiple orders finalizing tariffs for key renewable energy projects. These include a 300 MW wind tranche connected to the Inter State Transmission System (ISTS) and solar projects in Ayodhya and other locations.

In one order, CERC adopted a tariff of Rs 3.97 per kWh for 300 MW of ISTS connected wind power projects under Tranche XVIII. The tariff was discovered through a competitive bidding process conducted by the Solar Energy Corporation of India (SECI). Torrent Green Energy Private Limited emerged as the successful bidder. The Commission found the bidding process to be in line with applicable guidelines and approved SECI's trading margin of Rs 0.07 per kWh, subject to payment security mechanisms.

In a separate ruling, CERC determined a project specific levellised tariff of Rs 3.36 per kWh for a 40 MW solar photovoltaic project in Ayodhya, Uttar Pradesh. The project is being developed by NTPC Green Energy Limited (NGEL). The Commission applied the 2024 Renewable Energy Tariff Regulations and approved a capital cost of Rs 503.62 lakh per MW after disallowing certain cost claims. It also fixed operational parameters, including a Capacity Utilisation Factor of 24.73 percent. The approved tariff was lower than the Rs 3.98 per kWh sought by NGEL.

CERC also passed an order related to NHPC's 2,400 MW ISTS connected solar projects. While approving tariff adoption, the Commission limited the enhanced capacity awarded under the Greenshoe Option. The initial 1,200 MW capacity and an additional Greenshoe capacity were discovered at Rs 4.25 per kWh. However, CERC capped the Greenshoe allocation for a single developer at 350 MW, reducing the total adopted

Greenshoe capacity from 1,200 MW to 800 MW. The regulator noted the absence of a defined policy framework for the Greenshoe Option in existing bidding guidelines and directed implementing agencies to seek formal guidance from the concerned ministry.

In another matter involving NLC India Limited, CERC adopted the discovered ceiling usage charge of Rs 2.45 per kWh for a 510 MW solar project, citing the need to uphold bid sanctity. At the same time, the Commission acknowledged a pending Change in Law claim related to Goods and Services Tax. As interim relief, CERC allowed the developer to provisionally charge a higher rate and permitted the filing of a separate petition to substantiate the claim.

SERC Watch

State Commission Directives

Bihar

BERC consultative paper on generic levellised RE tariffs for FY 2025-26

The Bihar Electricity Regulatory Commission (BERC) has issued a Consultative Paper proposing generic levellised tariffs for power generated from specified renewable energy sources for FY 2025-26. The paper aims to set applicable tariffs for four RE categories to be commissioned in the first year of a three-year control period.

The draft proposes levellised tariffs for Biomass Power Projects with Rankine Cycle technology, non-fossil fuel-based co-generation plants, Biomass Gasifier projects, and Municipal Solid Waste or Refuse Derived Fuel projects using Rankine Cycle.

Tariffs are determined using regulatory norms. These include a three-year control period from FY 2025-26 to FY 2027-28. The useful life of projects is set between 20 and 25 years depending on technology. The debt equity ratio is 70:30. The discount factor is 9.11% based on weighted average cost of capital. The Commission states that the tariff will be levellised based on the year of commissioning.

For projects with a fuel cost, the tariff has fixed and variable components. The fixed cost is levellised. The fuel cost varies for each year of operation.

Capital cost norms have been proposed for FY 2025-26. Biomass projects with water cooled condensers have a proposed capital cost of Rs. 638 lakh per MW. MSW projects using Rankine Cycle have a proposed cost of Rs. 1,500 lakh per MW.

The draft also sets norms for heat rate, auxiliary power consumption, plant load factor, and O&M expenses.

Two tariff versions have been calculated. One excludes accelerated depreciation. The other applies

accelerated depreciation benefits. For Biomass Gasifier projects, the draft proposes Rs. 9.63 per kWh without accelerated depreciation and Rs. 9.49 per kWh with it. For MSW projects, the proposed tariff is Rs. 6.96 per kWh and Rs. 6.46 per kWh respectively.

The tariff applies to projects commissioned up to 31 March 2026. It will continue to apply after this date until a new tariff order is issued.

The document is a consultative paper. Stakeholders can send comments, objections, or suggestions until 19 January 2026. The public hearing is scheduled for 22 January 2026. The Commission may change provisions while finalizing the order.

BERC approves tariff and PPA for 144.278 MW solar procurement under PM-KUSUM

The Bihar Electricity Regulatory Commission (BERC) issued an order dated 02 December 2025 approving tariff adoption and the draft Power Purchase Agreement for long-term procurement of 144.278 MW of solar power. The power will be used for feeder-level agricultural solarisation under PM-KUSUM Component C.

Background and petition

The petition was filed jointly by the Bihar State Power Generation Company Limited and the Bihar State Power Holding Company Limited. Approval was sought for procurement of solar power from grid-connected projects under the Renewable Energy Service Company mode as per Ministry of New and Renewable Energy guidelines for feeder solarisation.

MNRE revised Bihar's sanctioned number of pumps for solarisation from 90,000 to 1,40,300. This created an additional requirement covering 50,300 pumps, which translated to the proposed 144.278 MW capacity.

Commission's analysis and rationale

The Commission noted that it had already approved capacities linked to earlier pump sanctions under the same tender NIT No. 04/PR/BSPGCL/2025. With enhanced sanction, the petitioners proposed allocation to lowest bidders from the same tender who were not selected earlier due to limited availability. Since the bid validity extended until 02 January 2026, the Commission found the approach reasonable.

On modifications made to the MNRE model PPA, the Commission held that a model PPA is not binding and parties may mutually agree to non-conflicting changes. It also noted that the modified PPA was part of bid documents and no bidder objected. The Commission concluded that the changes were minor and compliant with rules.

Tariffs discovered ranged between Rs 3.30 per kWh and Rs 3.48 per kWh. The Commission recalled its earlier approval of Rs 3.48 per kWh as a viable ceiling considering land cost and lower solar irradiation in Bihar.

The order

The Commission disposed of the petition at the admission stage. It approved the discovered L1 tariffs for 144.278 MW for a 25-year period. Approval extends to selected bidders, their allotted capacities at respective Power Sub Stations, and quoted tariffs. The draft PPA between distribution companies and successful bidders was also approved.

BERC allows recovery of service cable costs during smart meter rollout

The Bihar Electricity Regulatory Commission (BERC) issued an order on 29 December 2025 approving a framework under which distribution licensees can charge consumers for supplying and installing new service cables during the rollout of smart prepayment meters.

Background and petition

South Bihar Power Distribution Company Limited and North Bihar Power Distribution Company Limited filed the petition. During the replacement of conventional meters with smart prepayment meters, many existing service cables were found to be damaged, old, or undersized for present load conditions. The DISCOMs argued that reliable service cables are essential for connectivity and data accuracy of smart metering systems. They sought approval to recover the cost of supplying and installing new cables from affected consumers in ten equal monthly installments.

Commission's analysis

The Commission referred to Section 46 of the Electricity Act, 2003, which allows licensees to recover expenses incurred in providing electric lines. It also noted the central mandate for smart prepayment metering under the Electricity (Right of Consumers) Rules, 2020.

The Commission agreed that healthy service cables are technically necessary for smart metering performance. However, it rejected any blanket replacement proposal or reliance only on field discretion. It held that each case must be technically justified and assessed individually, since universal replacement is not needed in all scenarios.

The order

The Commission approved per-connection charges for different service cable specifications, such as Rs 980.56 for 2C × 6 sq. mm cable, to be recovered in ten monthly installments. It also directed both DISCOMs to prepare a Standard Operating Procedure defining technical checks, conditions, and processes for deciding cable replacement. The SoP must be approved by the Commission before being issued to field officers. The petition was disposed of in line with these directions.

BERC concludes remand proceedings on treatment of historical revenue surplus

The Bihar Electricity Regulatory Commission (BERC) issued a final order on 16 December 2025 concluding proceedings remanded by the Appellate Tribunal for Electricity. The matter concerned how historical revenue surpluses should be treated in retail tariff determination for FY 2015-16 for the state distribution companies.

Background and APTEL directive

The issue arose from tariff petitions filed by North Bihar Power Distribution Company Limited and South Bihar Power Distribution Company Limited for FY 2015-16. Subsequent BERC orders were challenged before the Tribunal through review petitions. On 19 December 2024, the Tribunal modified its earlier ruling and sent the matter back to BERC with clear directions.

The Tribunal directed that revenue surplus from years before reorganisation on 01 November 2012 should not be adjusted from the Annual Revenue Requirement of the DISCOMs for FY 2015-16. At the same time, it allowed BERC to consider spreading the adjustment of these previously deducted surpluses, along with carrying cost, over future tariff periods to protect consumers. It also recorded that DISCOMs should approach the Government of Bihar for transfer of such surplus.

Commission's proceedings

Following the remand, the Commission reopened the cases, held hearings, and sought detailed submissions. It asked the DISCOMs to clarify the method of calculating carrying cost, the number of years over which adjustment could be spread, and the steps taken with the state government regarding surplus transfer.

The DISCOMs stated that their tariff petitions for FY 2026-27 already include a separate section dealing with the Tribunal's judgment, including the handling of surplus and carrying cost. They also informed that the matter of transferring surplus funds had been taken up with the state government and remained under consideration.

Final order

After reviewing the submissions, the Commission decided not to pass a separate determination in the remanded proceedings. It held that the issue will be addressed during the FY 2026-27 tariff determination already filed by the DISCOMs.

Chhattisgarh

CSERC's December overhaul: RE tariffs, biomass norms, MYT rules and open access clarity

The month of December 2025 marked a period of intense regulatory activity for the Chhattisgarh State Electricity Regulatory Commission (CSERC). In a strategic move to provide clarity, attract investment, and align the state's power sector with national priorities and technological advancements, CSERC issued a series of orders and regulations. These notifications collectively address renewable energy tariff determination, biomass-specific frameworks, multi-year tariff principles for conventional utilities, and critical clarifications on open access and wheeling charges. This article explains these developments and their implications for developers, distribution licensees, consumers, and the state's clean energy transition.

I. The foundation: 2025 renewable energy tariff regulations

On 17 December 2025, CSERC notified the Chhattisgarh State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Renewable Energy Sources) Regulations, 2025. Effective from 1 April 2025 to 31 March 2030, this five-year control period forms the economic base for renewable energy projects in the state.

Scope and dual-track tariff mechanism

The regulations apply to new renewable energy projects supplying power entirely to state distribution licensees on a long-term basis. The coverage is broad and includes wind, small hydro, solar photovoltaic including floating solar, solar thermal, non-fossil fuel cogeneration, municipal solid waste, biogas, biomass gasifier, renewable hybrid projects, and renewable energy projects with storage.

A key feature is a two-route tariff mechanism.
Under the generic tariff route, CSERC will notify annual technology-specific preferential tariffs for select categories such as small hydro, solar photovoltaic projects between 0.5 MW and 2 MW, biogas, and non-fossil fuel cogeneration.

Under the project-specific tariff route, tariffs will be determined individually for larger or more complex projects including wind, hydro above 25 MW, solar photovoltaic above 2 MW, solar thermal, floating solar, renewable energy with storage, municipal solid waste, hybrid projects, and projects using old machinery. This allows cost realism for diverse technologies.

Normative parameters providing predictability

The regulations define key normative parameters to ensure predictability for investors.

Capital costs are specified for the first year of the control period, such as Rs 3.5 crore per MW for 0.5 MW to 2 MW solar photovoltaic projects and Rs 890 lakh per MW for small hydro up to 5 MW.

Technology-specific performance metrics such as Capacity Utilisation Factor and Plant Load Factor are prescribed, including 21% CUF for solar photovoltaic and 22 to 35% for wind depending on wind zone.

Financial assumptions include a 70:30 debt-equity ratio for generic tariffs and tariff periods aligned with useful life, such as 25 years for wind and solar and 40 years for small hydro.

Renewable projects, except certain fuel-based and storage projects, retain must-run status and remain exempt from merit order dispatch.

II. Putting theory into practice: generic RE tariffs for FY 2025-26

CSERC moved quickly from regulations to implementation. Through a suo motu order issued on 26 December 2025, the Commission determined levellised generic tariffs for the first year of the control period, as required under Regulation 9.1.
These tariffs will apply for the full useful life of projects achieving Commercial Operation Date in FY 2025-26.

Small hydro projects will receive Rs 7.42 per kWh to Rs 8.07 per kWh depending on capacity. Non-fossil fuel cogeneration projects will receive fixed charges of Rs 4.50 per kWh and variable charges of Rs 4.93 per kWh. Solar photovoltaic projects between 0.5 MW and 2 MW will receive Rs 3.39 per kWh. Biogas-based projects will receive fixed charges of Rs 4.88 per kWh and energy charges of Rs 6.00 per kWh.

Computational backbone

These tariffs are derived strictly from the normative framework of the 2025 renewable energy regulations. Key inputs include return on equity of 14% for most technologies and 15% for small hydro, grossed up for Minimum Alternate Tax. Interest on loans is assumed at 10.99% and working capital

interest at 12.24%. Fuel costs are considered at Rs 2,817 per metric tonne for bagasse and Rs 1,761 per metric tonne equivalent for biogas feedstock. The discount rate used for levellisation ranges from 9.21% to 9.51% depending on technology.

This transparent, methodology-driven approach supports investor confidence. CSERC has invited stakeholder comments by 20 January 2026, and a hearing is scheduled for 22 January, reinforcing a consultative regulatory process.

III. Niche framework: standalone biomass tariff regulations

Recognising the specific operational and cost characteristics of biomass power, CSERC on 30 December 2025 notified the Chhattisgarh State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Biomass based power plants) Regulations, 2025. Effective from 1 April 2026, this five-year framework creates a distinct tariff pathway for biomass plants using Rankine cycle technology.

Transition and procurement shift

A key transition rule has been introduced. New procurement from biomass projects and procurement from existing plants that have completed 20 years of operation will move to competitive bidding under Section 63 of the Electricity Act. This shifts the segment towards market-based price discovery.

For existing power purchase agreements with less than 20 years of operation as of 1 April 2026, the existing tariff continues until completion of the 20-year period. After that, tariff determination will move to Section 62 using the new regulatory norms.

Key norms for Section 62 projects

For plants eligible under cost-plus determination, the regulations specify the following. Useful life is set at 25 years. Capital cost will be determined based on generator submission and prudence check rather than a fixed normative benchmark. This marks an important structural change. Financial parameters include a 70:30 debt equity ratio and 14% return on equity grossed up for Minimum Alternate Tax. Performance norms include 80% Plant Load Factor, 10% auxiliary consumption, and 4,000 kcal per kWh station heat rate. Fuel and O&M norms include a biomass fuel cost of Rs 4,559 per metric tonne for FY 2026-27 and O&M cost of Rs 60.59 lakh per MW, both with annual escalation.

Stringent fuel compliance and penalty

The framework imposes a strong renewable integrity regime. New biomass projects are barred from using fossil fuel. Plants commissioned on or before 31 March 2026 are allowed fossil fuel blending up to 15% on an annual calorific value basis.

The Chhattisgarh Renewable Energy Development Agency is designated as the monitoring authority. Violation of the fossil fuel limit in any financial year makes the plant ineligible for preferential tariff for that period. Instead, the offtaker will pay only the weighted average pooled price of non-renewable power. This creates a strong financial deterrent and enforces genuine renewable operation.

IV. Clarifying critical open access knots

On 23 December 2025, CSERC issued a clarification order addressing three long-standing ambiguities related to open access transactions. The order provides certainty to generators and consumers.

Issue I: Intra-state transactions involving STU network

For intra-state transactions where both injection and drawal fall within the same distribution licensee area but power flows through the State Transmission Utility network, both STU transmission charges and distribution wheeling charges will apply along with corresponding losses. This ensures proper cost recovery for all used network segments.

Issue II: Inter-state open access for solar generators

For solar generators connected at 33 kV pooling substations and availing inter-state open access, CSERC clarified that both transmission and wheeling charges are applicable as per prevailing tariff orders. Scheduling at the regional periphery must also factor in both transmission and distribution losses.

Issue III: DSM and billing for mixed source consumers

This clarification addresses consumers who draw power partly from the distribution licensee and partly through open access. CSERC reaffirmed that Deviation Settlement Mechanism charges apply strictly to deviations from schedule.

Actual drawal is first adjusted against contract demand from the distribution licensee.

Fixed charges continue to be billed on contracted load with the distribution licensee. Energy charges

are billed on scheduled energy attributable to the distribution component, not actual energy consumed. This prevents billing distortions and ensures alignment with DSM principles.

V. The macro framework: multi-year tariff regulations for FY 2026-30

Issued on 11 December 2025, the Chhattisgarh State Electricity Regulatory Commission (Terms and Conditions for Determination of Multi-Year Tariff) Regulations, 2025 establish tariff and revenue norms for generation, transmission, distribution, and the State Load Despatch Centre for FY 2026-27 to FY 2029-30.

Structure and philosophy

The framework is built on capital investment approval, performance review, and structured truing-up. It aims to balance consumer protection with the financial health of utilities. It mandates segregation of the distribution business into wires and retail supply with defined allocation principles, including full allocation of power purchase cost to the retail supply business and 90% of depreciation to wires.

Key financial and operational norms

Return on equity is set at 15.5% for generation, transmission, distribution wires, and SLDC, and 16% for retail supply. Thermal generation norms cover NAPAF, station heat rate, auxiliary consumption, and compensation for SLDC-directed backing down. Coal pricing follows a transparent methodology for captive coal including ROM price, transport, washing, and quality adjustments.

Innovative inclusions

A dedicated chapter for Battery Energy Storage Systems introduces a tariff framework with capacity charge and performance incentive linked to cycle efficiency. Normative annual availability is 95% with minimum round-trip efficiency of 75%, signalling readiness for storage integration. SLDC fees will follow an 80:20 split between System Operation and Market Operation charges.

Retail consumers will see a monthly Fuel and Power Purchase Adjustment Surcharge to reflect procurement cost variations in a timely manner.

Conclusion

CSERC has closed 2025 with a decisive regulatory overhaul that shapes Chhattisgarh's power sector for the next phase. By setting predictable renewable energy economics, introducing a dedicated biomass regime, clarifying open access complexities, and establishing a forward-looking multi-year tariff framework that includes storage, the Commission has created a stable and sophisticated regulatory environment. The real test now lies in execution, but the intent and structure provide a strong starting point for the state's energy transition.

Delhi

DERC issues draft amendment for group and virtual net metering for renewable energy

The Delhi Electricity Regulatory Commission (DERC) issued a public notice on 17 December 2025 proposing the Draft Delhi Electricity Regulatory Commission (Group Net Metering and Virtual Net Metering for Renewable Energy) (Seventh Amendment) Guidelines, 2025. The draft, uploaded on the Commission website, invites stakeholder comments. The amendments modify the existing 2019 Guidelines under powers drawn from the Electricity Act, 2003 and related regulations.

Expansion of virtual net metering applicability

A key change expands the scope of the Virtual Net Metering framework. Guideline 3(2) is amended to state that the framework applies to all consumers in the National Capital Territory of Delhi, including consumers with single point of supply. This widens participation in VNM within Delhi.

Greater flexibility for consumers

The amendments provide additional operational flexibility for consumers under VNM. A revised Guideline 9(2)(b) allows consumers to revise the allocation of electricity credits or add new participating service connections to an existing VNM arrangement twice during a financial year, with a two-month advance notice.

Another revision to Guideline 9(2)(d) changes the timing reference for energy crediting, replacing "off peak time block" with "normal time block."

Distribution licensee obligations for infrastructure costs

A major proposal relates to network expenditure. A new Guideline 3(6) requires distribution licensees to bear and facilitate capital expenditure for Service Line cum Development and network augmentation for Renewable Energy projects under Group Net Metering and Virtual Net Metering. These costs will be allowed as pass-through in Aggregate Revenue Requirement.

The waiver applies only to the 11 kV and below network and is limited by cumulative capacity caps of 110 MW for BRPL, 100 MW for TPDDL, 30 MW for BYPL, and 10 MW for NDMC. Licensees must also submit quarterly progress reports on all net metering schemes to the Commission and the concerned government department.

Effective date and validity

Once finalized, the guidelines will be called the Delhi Electricity Regulatory Commission (Group Net Metering and Virtual Net Metering for Renewable Energy) (Seventh Amendment) Guidelines, 2025. They will take effect from the date of their upload on the Commission website and will remain operational until further amendments are issued.

Himachal Pradesh

HPERC proposes draft Himachal Pradesh Electricity Grid Code, 2025

The Himachal Pradesh Electricity Regulatory Commission issued a draft notification on 24 December 2025 proposing the Himachal Pradesh Electricity Regulatory Commission (Himachal Pradesh Electricity Grid Code) Regulations, 2025 to replace the 2008 State Grid Code. The draft sets a comprehensive framework for planning, connection, operation, scheduling, and compliance of the intra state transmission system.

Applicability and jurisdiction

The proposed framework applies across Himachal Pradesh to all Users connected to or using the intra state transmission system, including the State Load Despatch Centre, the State Transmission Utility, transmission licensees, generating companies, distribution licensees, bulk consumers, and energy storage projects connected at 11 kV and above.

For interstate electricity flows, the Central Electricity Regulatory Commission's Indian Electricity Grid Code Regulations, 2023 apply, while the HPERC Grid Code governs intra state flows without affecting obligations under central law.

Institutional and governance structure

The State Transmission Utility is responsible for implementation and enforcement of the Code. A Grid Code Review Committee will oversee periodic review and propose amendments. The STU will propose the constitution of an Operation and Coordination Committee and a Protection Coordination Committee, both subject to Commission approval.

The Review Committee must meet at least once a year, with revisions requiring majority approval. In case of a tie, matters will be referred to the Commission.

Technical framework and planning

The Code is structured into multiple technical codes. The Resource Adequacy and System Planning Code mandates integrated planning of demand, generation, and transmission, with the STU required to prepare a ten year rolling perspective transmission plan. The Connection Code defines grid connectivity standards, safety and cyber security compliance, and mandates high reliability communication systems with at least 99.9 % annual availability.

Commissioning and commercial operation

The draft specifies procedures for commissioning, startup power drawal, and infirm power injection. Infirm power injection for most renewable and storage projects cannot exceed 45 days from first energization.

Trial run requirements vary by technology. For example, a hydro unit must demonstrate twelve hours of operation at Maximum Continuous Rating before declaration of Commercial Operation Date.

System operation and security

The Operating Code defines the supervisory role of the SLDC, classifies system operating states into Normal, Alert, Emergency, Extreme Emergency, and Restorative, and prescribes actions for each.

It specifies fault clearance times for different voltages, such as 100 milliseconds for 400 kV lines, and sets Under Frequency Relay activation beginning at 49.40 Hz.

For frequency control and reserves, the Code aligns with Central Electricity Regulatory Commission Ancillary Services Regulations, 2022 until separate state level provisions are notified.

Scheduling, despatch, and curtailment

Scheduling requires day ahead declarations, including submission of ex bus declared capacity by 5 AM on the previous day. The SLDC is responsible for scheduling and may curtail transactions during constraints, prioritizing curtailment in the order of short term, then medium term, and finally long term access.

Renewable Energy Generating Stations may appoint a Qualified Coordinating Agency to handle scheduling and deviation settlement.

Cyber security, monitoring, and compliance

Entities must maintain cyber security frameworks consistent with Central Electricity Authority guidelines and undertake audits. The SLDC will monitor compliance and report persistent non compliance to the Commission.

The draft revokes the 2008 Grid Code while preserving actions already taken under it and empowers the Commission to relax provisions or remove implementation difficulties.

Karnataka

KERC issues draft regulations on forecasting, scheduling, and deviation settlement for RE

The Karnataka Electricity Regulatory Commission (KERC) issued a draft notification on 10 December 2025 proposing the Karnataka Electricity Regulatory Commission (Forecasting, Scheduling, Deviation Settlement Mechanism and related matters for Sellers and Buyers of Wind, Solar and RE Hybrid Generation sources) Regulations, 2025.

Rationale and scope

The draft is issued under the Electricity Act, 2003. KERC notes Karnataka's significant renewable profile, with an estimated potential of 1,55,074 MW and installed RE capacity of about 15,942.98 MW as of June 2025. The Commission states that higher RE penetration poses grid stability challenges and requires a more effective deviation discipline framework with tighter tolerance bands and clear commercial settlement mechanisms.

The regulations apply to wind generators of 10 MW and above, solar generators of 5 MW and above, wind solar hybrid projects of 5 MW and above, and buyers with contracted capacity of 1 MW and above.

Role of QCA and scheduling framework

The Qualified Coordinating Agency will act as the nodal entity for groups of generators or buyers for forecasting, scheduling, and financial settlement with the State Load Despatch Centre.

Generators and buyers need to provide week ahead, day ahead, and intra day schedules in 15 minute time blocks. Renewable energy sources receive scheduling priority, but the commercial liability for deviations remains with generators or buyers, either directly or through their QCA.

Deviation Settlement Mechanism

The draft introduces defined permissible deviation bands beyond which charges apply. The tolerance limit is ±10% for wind and hybrid generators, ±5% for solar generators, and ±5% for buyers. Energy storage systems paired with RE sources have zero tolerance.

Charges escalate with the deviation range. For example, wind generators exceeding the ±10% range by up to 20% will pay Rs 0.25 per kWh for energy in that slab, increasing to Rs 0.50 and Rs 0.75 per kWh for higher deviation bands.

Similar graduated structures apply to solar generators and buyers. All DSM charges will be deposited into a State Deviation Pool Account maintained by the SLDC.

Metering, telemetry, and compliance

The draft requires Special Energy Meters with automated meter reading and IoT capability at interface points, along with detailed data telemetry to the SLDC. No deviation charges will apply in cases of planned curtailment by grid operators if communication protocols are followed.

For persistent violations, provisions include revocation of registration and encashment of bank guarantees. The regulations explicitly address gaming practices, allowing KERC to initiate proceedings where intentional misdeclaration is suspected.

Implementation timeline and use of funds

Stakeholders may submit comments to the Secretary, KERC by 13 January 2026. The regulations will take effect upon publication in the Karnataka Gazette and will repeal the 2015 regulations.

Funds collected in the Deviation Pool Account will be used for grid strengthening, congestion relief, improving voltage profiles, and modernizing transmission systems with Commission approval.

KERC issues draft roadmap to reduce cross subsidy and surcharge in Karnataka

The Karnataka Electricity Regulatory Commission (KERC) issued a draft notification on 12 December 2025 proposing the Karnataka Electricity Regulatory Commission (Roadmap for Reducing Cross-Subsidy and Cross Subsidy Surcharge) Regulations, 2025. The move follows a direction from the High Court of Karnataka in December 2024, requiring the Commission to frame regulations to progressively reduce cross subsidies and the related surcharge. The draft notes that through past tariff orders, most consumer categories are already within the ±20% band prescribed in the national Tariff Policy.

Context and current status

KERC states that it has maintained uniform tariffs across state distribution companies and has gradually reduced cross subsidies over more than two decades. As per Tariff Order 2025, which sets tariffs for FY 2025-26 to FY 2027-28, most categories are already within the ±20% threshold relative to the Average Cost of Supply.

However, two categories remain outside this band on the negative side, where tariffs are significantly subsidized. These are LT-6c Electric Vehicle charging stations and HT-3 private lift irrigation consumers. The Commission notes that its scope to design a roadmap is limited, but it has framed the plan to comply with the court direction.

Proposed reduction roadmap

For EV charging stations, the cross subsidy level projected at about –48.83% in FY 2027-28 will be progressively reduced to within –20% over six years starting FY 2028-29, with annual reduction of 5%. For private lift irrigation consumers under HT-3, where the subsidy level is projected at around –78.98% in FY 2027-28, a reduction trajectory of 10% per year over the same six-year period is proposed, bringing it within –20%.

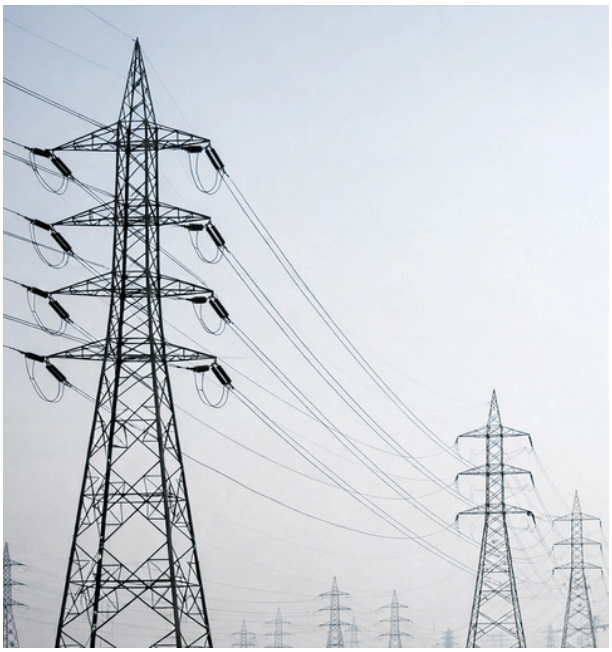
During this transition, the Commission will readjust cross subsidy levels of other categories that currently bear the burden of subsidizing these consumers.

Treatment of other consumer categories

For all other tariff categories, the Commission will attempt to maintain cross subsidy levels within the ±20% range. If any adjustments are required, they will not exceed 5% of the level prevailing in FY 2027-28 and will remain within the 20% band.

For the two specially identified categories, after completion of the six-year period in FY 2033-34, the Commission may make further adjustments, limited to 5% of the prevailing level at that time and still within the ±20% range.

The draft clarifies that the methodology for computing and reducing Cross Subsidy Surcharge for open access consumers will continue as prescribed under the Government of India Tariff Policy.



KERC clarifies that changes in contracted load will not affect existing rooftop solar PPAs

The Karnataka Electricity Regulatory Commission (KERC) has moved to resolve persistent uncertainty surrounding distributed solar photovoltaic installations and the continuity of existing Power Purchase Agreements through an order dated December 19, 2025. The ruling addresses long-standing concerns raised by solar power consumers and other stakeholders regarding the treatment of changes in contracted load by the state's Electricity Supply Companies.

Over recent years, numerous consumers with rooftop and distributed solar systems had reported that ESCOMs were enforcing restrictive conditions when adjustments to electricity demand were sought. Complaints highlighted instances where consumers aimed to reduce their contracted demand to better match the capacity of their installed solar plant, or sought to increase their sanctioned load without modifying their existing solar setup. In these cases, ESCOMs were insisting on the execution of fresh Power Purchase Agreements.

These new agreements often carried less favourable commercial terms, with the offered tariff reportedly reduced to either 90% of the original tariff or the prevailing tariff at the time, whichever was lower. Consumers contended the practice was inequitable, as they were not augmenting their solar generation capacity but merely adjusting their consumption patterns or sanctioned load.

The Commission examined the grievances in detail. The bench referenced an earlier Commission order from 2017, which stipulated that a reduction in applicable tariff is triggered only by an actual increase in the capacity of the solar power plant. The Commission observed that alterations in contracted demand or sanctioned load do not, in themselves, constitute an increase in solar generation capacity.

Based on this interpretation, KERC clarified that a reduction in contracted demand up to the level of the installed solar capacity does not necessitate the execution of a new PPA. Correspondingly, an increase in sanctioned load, without the addition of solar panels or an expansion of generation capacity, also does not require a fresh agreement. In both scenarios, the existing Power Purchase Agreement shall continue to remain in force.

The Commission further directed that the original tariff and the original tenure of the PPA must remain unchanged in such cases. This effectively bars ESCOMs from compelling consumers to accept lower tariffs solely due to adjustments in their electricity demand management.

The order is expected to provide substantial relief to solar prosumers across Karnataka. By safeguarding existing tariffs and contract terms, the directive establishes greater clarity and financial predictability for consumers who have invested in distributed solar systems and seek to optimize their energy usage without facing punitive contractual revisions.

KERC to apply annual “top up” adjustments under three year tariff framework

In the coming financial year, consumers in Karnataka will see an increase in their electricity bills, though the Karnataka Electricity Regulatory Commission (KERC) clarifies this adjustment is not a traditional tariff revision. Instead, it is termed a "true-up" or "top-up," a new model introduced following the Commission's decision in March 2025 to freeze base tariffs for three years while allowing for annual corrections based on market fluctuations and pending arrears to electricity supply companies (Escoms). KERC Chairman P Ravi Kumar explained, “This is the first time that Karnataka has adopted this model where power tariff will be uniform for a long term. But top-up or true-up revisions will be done annually.”

This shift marks a significant change in the state’s tariff-setting practice. While other states typically revise tariffs every five years, Karnataka was previously unique in conducting annual revisions. Under the new framework, base tariffs will now be revised once every three years, with the current rates effective until 2027. A senior KERC official noted, “Unlike the power tariff revision, top-ups will be uniform across the board and apply to all Escoms. They are calculated considering multiple factors. The maximum hike will not be more than 8-10 paise per unit.”

The top-up for the upcoming financial year incorporates several specific factors. These include cross-subsidy adjustments that Escoms had sought for 2023 and 2024, as well as changes in agricultural subsidy. Although the state government bears the cost of agricultural subsidy, it is factored into tariff calculations; Escoms recently revised their proposal to reduce this component to Rs 7.7 per unit from Rs 8.3. Additionally, no fuel adjustment charges were levied in 2025-26 due to stable coal prices and reliable supply to thermal plants, reducing coal imports. The year also saw increased emphasis on renewable energy, which carries different generation and supply charges.

A KERC official elaborated, “Calculating all these components, the power cost will be reduced. But there will be no reduction in tariff as the Gruha Jyothi scheme (free power up to 200 units) has to be included. In fact, there will be a rise in tariff this year too. But it will be called a top-up and not a tariff revision.” This approach follows the March 2025 tariff order, in which KERC had reduced per-unit charges for domestic and industrial consumers but raised fixed charges by Rs 25 and imposed an additional 36 paise per unit towards pension and gratuity surcharges for energy department employees.

Tamil Nadu

TNERC approves multi-track power procurement plan to manage rising demand

In a series of orders issued in early December 2025, the Tamil Nadu Electricity Regulatory Commission (TNERC) has greenlit a comprehensive multi-pronged strategy to address the state's escalating power demand and projected deficits. The approvals encompass new thermal, gas-based, and battery storage procurement, marking a significant step towards bolstering the state's energy security and grid reliability.

The driving force behind these approvals is Tamil Nadu's rapidly growing electricity demand. Citing data from the Central Electricity Authority (CEA), the Tamil Nadu Power Distribution Corporation Ltd (TNPDCL) highlighted that peak demand surged from 17,563 MW in 2022-23 to 20,830 MW on 2 May 2024, already exceeding earlier projections for the 2024-25 financial year. Demand is forecast to reach 22,955 MW by FY 2026-27.

Internal assessments and the CEA's Resource Adequacy (RA) study paint a stark picture of future shortages. TNPDCL projected a median shortage of 4,858 MW in FY 2026-27, ballooning to 6,997 MW by FY 2029-30, with critical deficits occurring during evening and night hours. The CEA study anticipates deficits through 2034-35.

To bridge these gaps, the state has often relied on expensive short-term purchases from power exchanges at rates between Rs 8–10 per unit.

Key Procurement Approvals

1,000 MW Round-the-Clock (RTC) Power
On 2 December, TNERC approved and retrospectively validated TNPDCL's medium-term tender for 1,000 MW of RTC power for five years. The tender, issued on 11 November 2025, follows the Ministry of Power's Finance, Own and Operate (FOO) guidelines, allowing use of linkage coal under the SHAKTI policy. TNPDCL sought and received approval for specific deviations in the Standard Bidding Documents to enhance commercial clarity and safeguard its position. The Commission directed TNPDCL to later file a tariff adoption petition under Section 63 of the Electricity Act upon completion of bidding.

500 MW Peak Power from Gas-Based Plants
On 4 December, TNERC cleared TNPDCL's plan to procure 500 MW from gas-based stations for three years to address peak-hour deficits. The tender is designed for assured supply during identified peak hours for about 120 days a year, starting 1 February 2026. The Commission approved key deviations, including a 100% normative availability requirement during contracted periods, damages linked to the bid tariff, and fuel price indexation to international gas benchmarks like Henry Hub. This move is aimed at managing the critical evening and early morning supply gaps.

STATE COMMISSION DIRECTIVES

1,000 MWh Standalone Battery Energy Storage Systems (BESS)

In a parallel order on 4 December, TNERC approved the Tamil Nadu Green Energy Corporation Ltd's (TNGECL) proposal to procure 1,000 MWh of power from standalone BESS on a Build-Own-Operate (BOO) basis. The 500 MW capacity, configured for two daily cycles, will be installed across six TANTRANSCO substations and is supported by Central Viability Gap Funding. The Commission noted that storage is critical for integrating Tamil Nadu's approximately 23,940 MW of renewable capacity and managing grid variability. TNGECL was permitted to proceed with the tender, with TNPDCL as the end procurer.

Tariff Adoption for Existing Tenders

Simultaneously, TNERC adopted tariffs for previously conducted procurement processes, bringing immediate capacity under contract:

1,580 MW Medium-Term RTC Power

In an order dated 2 December, the Commission adopted tariffs discovered through a competitive bidding process for 1,580 MW of RTC power from eleven successful bidders. The five-year contracts, starting 1 February 2026, yielded tariffs ranging from Rs 5.558 to Rs 6.062 per kWh at the state periphery. TNERC found these rates competitive, broadly aligned with other states like Haryana and Maharashtra, and lower than recent short-term procurement costs, approving the issuance of Letters of Acceptance.

500 MW / 1000 MWh BESS Projects

On 4 December, TNERC formally ratified the BESS tender process and adopted tariffs for three successful bidders—Bondada Engineering, Oriana Power, and NLC India Renewables—for a cumulative 500 MW / 1000 MWh. The discovered

capacity charges were Rs 2,46,000 and Rs 2,48,000 per MW per month for 12-year agreements. The Commission clarified that this BESS procurement would be treated under resource adequacy planning and not as part of Renewable Purchase Obligation (RPO) compliance.

Strategic Direction and Future Compliance

Across its orders, TNERC issued consistent directives to the state utilities. TNPDCL has been instructed to file detailed demand assessments, procurement plans aligned with RA Regulations, and RA compliance reports. The Commission also reiterated earlier directions to explore battery storage, gas or hydro procurement, and advanced demand forecasting tools.

By approving this mix of firm thermal power, flexible gas-based generation, and grid-scale battery storage, TNERC has empowered Tamil Nadu to construct a more resilient and balanced power portfolio. This strategy aims not only to cover projected deficits but also to manage the intermittency of its substantial renewable energy base, ensuring a reliable and cost-effective power supply for the state's growing economy.

Madhya Pradesh

MPERC issues draft amendment for revised RPO structure and compliance process

The Madhya Pradesh Electricity Regulatory Commission has issued a draft notification proposing the Fifth Amendment to the MPERC (Cogeneration and Generation of Electricity from Renewable Sources of Energy) Regulations, 2021.

The amendment primarily revises the Renewable Purchase Obligations of distribution licensees, open access consumers, and captive users to align the state framework with national Renewable Consumption Obligation norms issued under the Energy Conservation Act, 2001.

Amendment driven by new national policy framework

The draft follows the Ministry of Power notification of 27 September 2025, which prescribes minimum renewable consumption levels for designated consumers and clarifies that such consumers will not be subject to separate state RPO requirements.

With this change, the Renewable Consumption Obligation trajectory prescribed by the Ministry subsumes state-level RPO targets issued under the Electricity Act, 2003.

Revised RPO trajectory and category structure

The amendment replaces Regulation 3.1 of the principal regulations with a new target table. Total Renewable Purchase Obligations begin at 29.91% in 2024–25 and rise to 43.33% by 2029–30.

The RPO is divided into four components: wind, hydro, distributed renewable energy, and other renewable energy. Wind and hydro obligations must be fulfilled only from projects commissioned after 31 March 2024. Distributed renewable energy has a special provision where shortfalls cannot be compensated through other categories, but any overachievement can be used to offset deficits in other components.

Obligated entities will be allowed to comply through renewable electricity consumption, renewable energy certificates, self-generation, or payment of buyout charges determined by the Central Electricity Regulatory Commission.

The amendment also introduces new definitions, including Bureau of Energy Efficiency, Adjudicating Officer, and Distributed Renewable Energy, while deleting some earlier compliance and definitional provisions from the 2021 regulations.

BEE to oversee monitoring and compliance

A major structural change in the draft is the revised monitoring and enforcement mechanism. The Bureau of Energy Efficiency will now be responsible for monitoring compliance and submitting periodic reports to the Commission.

Obligated entities must upload certified consumption and compliance data to the BEE online platform, certified by a Bureau-accredited energy auditor. Non-compliance, delayed submissions, or incorrect reporting may lead to penalties imposed by an Adjudicating Officer under the Energy Conservation Act.

Entities must submit certified energy accounts by 31 July each year and final compliance reports after settling shortfalls. For FY 2024–25, the deadline is 31 March 2026. For subsequent years, the deadline is 31 December. The draft amendment is expected to undergo stakeholder consultation before being finalized.

MPERC grants approval for Gandhisagar hydropower RMU

The Madhya Pradesh Electricity Regulatory Commission has granted in-principle approval to M.P. Power Generating Company Ltd. for Renovation, Modernization, Uprating, and Life Extension of the 115 MW Gandhisagar Hydel Power Station. The order dated 24 December 2025 approves a revised capital cost of Rs 464.55 crore and allows recovery of limited shutdown costs, subject to a final tariff petition after project completion.

The 1960s-era station, jointly shared by Madhya Pradesh and Rajasthan, was already beyond its normative life and suffered severe flood damage in 2019. Following CEA recommendations, the revised DPR proposes replacement of turbine-generator components to secure uprating benefits. The project will be completed in three stages over 54 months, increasing capacity to 125.83 MW and extending plant life by 35 years.

Beneficiaries MPPMCL and RRVPNL consented, and earlier cost-sharing concerns were addressed through recorded inter-state agreements confirming equal sharing. MPERC noted the estimated levelized tariff of Rs 2.21 per kWh and an 11-year payback period, directing MPPGCL to justify why this exceeds CEA's 4–6 year benchmark.

MPERC adopts tariffs for 4,000 MW thermal power procurement

On 15 December 2025, the Madhya Pradesh Electricity Regulatory Commission (MPERC) issued its final order adopting tariffs for long term procurement of 4,000 MW of thermal power.

The procurement covers 3,200 MW from new power stations and an additional 800 MW under a Greenshoe option. The projects are to be developed on a Design, Build, Finance, Own and Operate basis.

MPERC noted that in principle approval for capacity addition had earlier been granted. MP Power Management Company Limited (MPPMCL) conducted the bidding process in line with Ministry of Power guidelines. Three bidders qualified for the process: Hindustan Thermalprojects Ltd (HTL), Torrent Power Ltd (TPL), and Adani Power Ltd (APL). Against the requirement of 3,200 MW, bids aggregating 4,800 MW were received. The tariffs discovered were Rs. 5.818 per kWh quoted by HTL, Rs. 5.829 per kWh by TPL, and Rs. 5.838 per kWh by APL. MPERC approved allocation of 800 MW to HTL, 1,600 MW to TPL, and 800 MW to APL.

MPERC also considered submissions related to central government notifications on sulphur dioxide norms. The Commission held that the environmental notification was a pre bid event and that any impact of the tax change would be addressed under Change in Law provisions of the Power Sale Agreement.

For the additional 800 MW under the Greenshoe option, MPERC noted that Coal India Limited granted coal linkage on 8 August 2025. After the L 1 and L 2 bidders declined the offer, Adani Power Ltd accepted the capacity at Rs. 5.838 per kWh. The Commission adopted the tariff, taking the total approved capacity to 4,000 MW.

Punjab

Punjab notifies new deviation settlement framework effective April 2026

The Punjab State Electricity Regulatory Commission has issued its final order approving the Punjab State Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) Regulations, 2025. The regulations were notified in the state gazette on 04 December 2025 and will come into commercial effect from 01 April 2026.

Objective and coverage

The new framework seeks to maintain grid discipline and security through commercial signals that encourage adherence to scheduled injection and drawal of electricity. It applies to sellers and buyers using the intra-state transmission system or distribution network, subject to a 5 MW threshold for sellers. Wind and solar generators continue to be governed under separate forecasting and scheduling regulations.

The Commission clarified that once these regulations come into force, deviation settlement for covered entities will take place strictly under this framework and not under open access regulations.

Deviation limits and charges

A key feature is the revised structure for computing deviation volume and charges. After reviewing stakeholder concerns, the Commission set deviation volume limits for general sellers at 10% of scheduled generation or 40 MW, whichever is lower. This strikes a middle ground between the draft proposal of 20 MW and demands for a 100 MW cap. For PSPCL, as the state's sole distribution licensee and classified as an RE-rich entity, buyer deviation bands have been set at 170 MW, 260 MW and beyond 260 MW. Deviation charges are frequency linked, with payable or receivable amounts varying based on frequency conditions and direction of deviation.

Decisions on key objections

The Commission rejected a proposal to treat PSPCL's generation and distribution businesses as a single entity for deviation accounting, reiterating that every state entity remains responsible for its own deviation. It also declined to exempt state-owned hydropower plants from deviation charges, though it provided liberal, frequency-agnostic deviation volume limits for run-of-river stations to reflect operational constraints. All accounting and payment timelines have been aligned with the Central Electricity Regulatory Commission's 2024 DSM regulations to maintain consistency.

Settlement process and SLDC mandate

The State Load Despatch Centre will prepare weekly deviation charge statements, with payments required within ten days into a designated State Deviation Pool Account. A letter of credit provision has been introduced for payment security in case of default. The Commission also directed Punjab State Transmission Corporation Limited to urgently strengthen the SLDC, highlighting that it currently operates with only 34 personnel against a recommended strength of 144. It ordered immediate staffing, infrastructure upgrades and enhanced operational autonomy to enable reliable implementation of the new DSM regime and support grid stability.

Punjab amends Supply Code to limit UUE charges to actual default periods

The Punjab State Electricity Regulatory Commission issued the PSERC (Electricity Supply Code, Standards of Performance and Related Matters) (1st Amendment) Regulations, 2025 in December 2025, amending the 2024 Principal Regulations. The amendment changes how cases are handled where a consumer's electricity demand exceeds sanctioned contract demand and leads to a change in tariff category, particularly in relation to booking consumers under Unauthorized Use of Electricity (UUE).

Key change in Regulation 49

The amendment revises clause (v) of sub regulation (2) of Regulation 49. It introduces a step-wise approach. In the first instance, if a consumer's demand exceeds sanctioned demand by more than 10% in a billing cycle and this results in movement to a higher tariff category, the distribution licensee must issue a written notice within seven days of bill generation, directing the consumer to restrict demand. For this first event, the consumer is liable to pay a demand surcharge for the excess demand for that billing cycle and any immediate subsequent cycle while the notice remains valid.

Stricter action for repeated violations

For subsequent defaults, if demand again exceeds sanctioned demand by 10% and triggers a tariff category change, the consumer will be booked under Unauthorized Use of Electricity for the specific billing cycle or cycles during which the default occurs. This is in addition to the licensee's right to disconnect supply after giving 15 days' notice.

The regulation clarifies that tariff category change means movement to a tariff schedule with higher fixed and energy charges as defined in the Commission's Tariff Order.

Reason for the amendment

The change follows a petition by Punjab State Power Corporation Limited and review by the Supply Code Review Panel. The Panel observed that PSPCL had been booking consumers under UUE for the entire period from the first notice to any later default, instead of only for the exact billing cycles where excess demand occurred. It concluded this practice was contrary to the intent of the regulation and imposed unjustified extra charges.

Commission's position and outcome

In an order dated 15 October 2025, the Commission rejected PSPCL's approach and directed a re-examination. The staff analysis concluded that penalties must correspond to the actual period of default. The Explanatory Memorandum stated that under the spirit of Section 126 of the Electricity Act, a consumer should only be penalised for the period when default actually occurs. The amendment now codifies this by limiting UUE applicability to the billing cycle of default.

PSPCL's investment plan scaled back; major hydro and metering plans rejected

Punjab State Electricity Regulatory Commission (PSERC) has approved Punjab State Power Corporation Limited's Business Plan and Capital Investment Plan for FY 2026-27 to FY 2028-29. The approval sets the investment roadmap but with significant reductions from PSPCL's proposals, especially for large generation and distribution schemes.

Hydro and thermal project approvals and cuts

For PSPCL's generation business, the Commission approved a Capital Investment Plan of Rs 1,758.47 crore against the utility's proposal of Rs 4,911.93 crore. A major reduction concerned the Shahpur Kandi hydro project, where Rs 424.26 crore sought by PSPCL was disallowed. The Commission directed that Shahpur Kandi related expenditure must be taken up through a separate petition after commissioning.

Investment proposals for renovation and modernisation at Mukerian Hydel Project Stage-I were also drastically pruned. Against PSPCL's demand of Rs 600 crore, the Commission approved only Rs 15.55 crore, stating that a detailed and justified project report is needed before any large-scale approval.

For thermal generation assets, the Commission approved Rs 491.12 crore for Guru Gobind Singh Super Thermal Plant and Rs 629.15 crore for Guru Hargobind Thermal Plant. However, it recorded concern over PSPCL's planning, pointing out that Rs 422 crore earlier proposed for flue gas desulphurisation units was later dropped, reflecting what the Commission described as a casual planning approach.

Distribution capital projects rationalised

For the distribution business, the Commission approved a Capital Investment Plan of Rs 7,325.45 crore against PSPCL's request of Rs 11,042 crore. It rejected Rs 1,198.06 crore projected toward costs of new service connections, stating these should be recovered through consumer service connection charges rather than general capital investment.

It also disallowed Rs 812 crore sought for smart metering and distribution transformer metering, observing that these activities are already covered under the Revamped Distribution Sector Scheme. The Commission approved Rs 2,321.16 crore under the RDSS loss reduction programme but flagged slow progress in multiple civil and infrastructure projects, directing timely execution.

Overall approved programme

Across businesses, the Commission approved total capital investment of Rs 9,083.92 crore for the control period along with a capitalization plan of Rs 10,210.81 crore, to be largely financed through loans and subject to future true-up based on actual execution.

PSERC approves Rs 111.80 crore AFC for Malana-II project

The Punjab State Electricity Regulatory Commission issued its final order determining the Annual Fixed Cost and tariff true-up for Everest Power Private Limited's 100 MW Malana-II Hydro-Electric Project for FY 2023-24. The bench partially allowed the generator's claims and approved an AFC of Rs 111.80 crore. A significant claim of Rs 16.67 crore related to a force majeure event was rejected, while several cost components were revised on a normative basis.

Background and proceedings

The petition was filed under the Electricity Act, 2003 and PSERC Tariff Regulations 2022, with Punjab State Power Corporation Limited and PTC India Ltd as respondents. Public notice was issued, hearings were conducted, and the Commission reserved the order after arguments on 13 November 2025.

For additional capital expenditure, the Commission provisionally retained Rs 0.61 crore already approved earlier and stated that final truing-up will be done at the end of the current Multi-Year Tariff control period.

Dispute on O&M costs and Commission's findings

A major point of dispute concerned truing-up of Operation and Maintenance expenses. EPPL sought revision of baseline values citing higher actual expenses.

The Commission rejected this plea and applied normative principles under Regulation 25. It approved Rs 3.00 crore for employee expenses against a claim of Rs 14.00 crore, Rs 8.99 crore for administrative expenses, and Rs 10.63 crore for repair and maintenance.

Rejection of Rs 16.67 crore force majeure expense claim

EPPL sought approval of Rs 16.67 crore spent on restoration after flash floods in July 2023, classifying it as extraordinary expenditure. The Commission disallowed the claim entirely, stating that documentation was incomplete, included future projected expenses, and overlapped with unresolved insurance claims. It held that emergency restoration is part of normal O&M and recovery should be through insurance rather than consumers.

The Commission also cited Supreme Court observations that insured losses should not burden beneficiaries through tariff.

Approval of other AFC components

The Commission approved depreciation of Rs 41.99 crore, return on equity of Rs 42.44 crore, and interest and finance charges of Rs 16.82 crore. It allowed Rs 2.63 crore as interest on working capital. Non-tariff income was set at Rs 14.70 crore and deducted from the AFC.

Income tax was allowed as nil under prevailing MYT regulations. For interest on under or over recovery, the Commission adopted the Central Electricity Regulatory Commission mechanism, allowing simple interest at bank rate.

Other regulatory directions and conclusion

The Commission reaffirmed that revised design energy approved by the Central Electricity Authority will apply prospectively from FY 2023-24 only. The petition was disposed of with these directions, completing the true-up exercise for the year.

Rajasthan

RERC finalises green energy open access procedure in Rajasthan

The Rajasthan Electricity Regulatory Commission (RERC) has issued an order finalising the Procedure for the Grant of Green Energy Open Access in the state.

The procedure operationalises the RERC Terms and Conditions for Green Energy Open Access Regulations, 2025, which were notified in May 2025. It lays down a detailed framework for consumers and generators to procure and transmit renewable energy through the state transmission and distribution network.

Consumers with a contract demand or sanctioned load of 100 kW or more are eligible to apply for green energy open access. Entities holding multiple connections within the same distribution division can submit a single consolidated application if the combined load meets the 100 kW threshold, subject to a defined fee structure.

For new renewable energy projects with capacity above 5 MW, installation of an Energy Storage System is mandatory. In the case of captive projects sized between 100% and 200% of contract demand, an additional Battery Energy Storage System is required for 20% of the energy generated from capacity beyond 100% of contract demand, calculated using normative Capacity Utilisation Factor or Plant Load Factor values.

The procedure confirms a dual banking mechanism. Projects up to 100% of contract demand are eligible for annual banking. For capacity between 100% and 200% of contract demand, banking is allowed on a billing cycle basis, subject to a cap of 30% of monthly consumption from the distribution licensee.

RERC has introduced flexibility in connectivity for new projects. Conditional open access may be granted based on feasibility approval for connectivity, with physical connection required at least 30 days before commencement of power flow.

To address approval timelines, the Commission has provided for a deemed No Objection Certificate. If a distribution licensee does not issue a No Objection Certificate within seven days of a request, approval will be treated as granted. Short-term open access applications are classified into advance applications with a seven-day notice period and exigency applications with a notice period of up to three days.

Security deposits equivalent to three months of applicable charges are required from applicants. The Commission has directed that interest be paid on cash security deposits at the prevailing bank rate, in line with its earlier orders. Registration under the procedure cannot be cancelled without issuance of a show cause notice. For captive users, security deposit calculations exclude Cross Subsidy Surcharge and Additional Surcharge, subject to submission of a statutory undertaking. Consumers are required to maintain a uniform power drawal schedule for 12 consecutive time blockss.

The order allows existing open access consumers to continue under their current agreements until expiry. A one time option has been provided to migrate to the new green energy open access framework for the remaining period of existing agreements. For applications involving additional capacity, the applicable treatment depends on whether the combined capacity exceeds the existing contract demand.

Rajasthan amends Supply Code on dues recovery, reconnection timelines and connection charges

On 19 December 2025, the Rajasthan Electricity Regulatory Commission issued its order on the Electricity Supply Code and Connected Matters Second Amendment Regulations, 2025, following a suo motu proceeding.

The amendments focus on recovery of outstanding electricity dues, timelines for restoration of disconnected connections, and a revised framework for connection charges. The Commission said the changes align the regulations with judicial interpretation and improve operational clarity for distribution licensees and consumers.

Regulation 11.7(d), dealing with recovery of dues from permanently disconnected connections, has been amended. Distribution licensees are now allowed to recover outstanding dues from another existing or new connection in the name of the owner or occupier of the premises, instead of only the same consumer. The amendment follows the Supreme Court's judgment in K.C. Ninan vs Kerala State Electricity Board dated 19 May 2023, which held that electricity dues are a charge on the premises. The Commission retained safeguards, including a mandatory 30 day notice, an opportunity for personal hearing, and a speaking order before any recovery or disconnection.

Timelines for restoration of supply under Regulation 11.8 have also been revised. For high tension and extra high tension consumers, the application period has been extended to two years from the date of disconnection, from one year earlier. For other consumers, excluding agriculture, the period has been increased to five years from two years. Restoration for agricultural consumers will continue to be governed by the State Agriculture Policy. A new proviso clarifies that applicants will be treated as new consumers if they apply after one year in the case of HT or EHT connections, or after two years for other consumers, where the licensee has removed line material and bears the cost of lines and plant. Distribution companies cited safety and operational concerns, including theft risks and the impracticality of maintaining idle service lines.

The amendments also introduce Clause 2A in Schedule I, creating a simplified framework for connection charges for loads up to 150 kW. The clause applies to domestic and non domestic applicants within 300 metres, and industrial or mixed load applicants within 200 metres, of an available 24 hour three phase low tension network. Charges are fixed on a per kilowatt basis and vary by consumer category and by overhead or underground lines.

The Commission said the approach, framed in view of the Right to Consumer Rules, 2020, removes the need for site specific inspections and cost estimates. Existing provisions under Schedule I, Clause 2.1(a) will continue to apply where distance limits are exceeded.

The Commission rejected several stakeholder proposals. It declined requests to extend the base service line distance to 500 or 1,000 metres, stating that the per kilowatt charges already reflect average costs based on revised store issue rates. It also retained the exemption from connection charges for privately developed colonies, multistorey buildings, and private industrial areas, reiterating that developers bear the full cost of electrification under existing policy.

RERC rejects Shree Cement plea on load factor rebate linked to captive solar

The Rajasthan Electricity Regulatory Commission (RERC) dismissed a petition by Shree Cement Ltd., which had alleged non-compliance by Jaipur Vidyut Vitran Nigam Ltd under Section 142 of the Electricity Act. The dispute related to eligibility for a load factor rebate under the Commission's Tariff Order dated 26 July 2024. The Commission held that the rebate clause does not apply to behind-the-meter captive solar installations and upheld the Discom's billing approach.

Background of the case

Shree Cement operates a cement grinding unit at Johner with a contract demand of 7.40 MVA and a 7.08 MW captive solar plant commissioned in March 2023 within the same premises. For December 2024, the load factor based only on power drawn from JVVNL was 43.42%. Including captive solar consumption, the combined load factor reached 57.499%.

The petitioner argued that paragraph 2.46.3 of the 2024 tariff order entitled it to billing at the 50% load factor slab, since both the qualifying thresholds of 40% from Discom supply and 50% cumulative load factor were met.

JVVNL's submissions

JVVNL argued that the case should have gone through the consumer grievance framework rather than a Section 142 contravention proceeding. Substantively, it submitted that the rebate clause applies only to solar plants connected to the grid under net metering or as captive projects with proper interface metering. Since the petitioner's solar plant is entirely behind-the-meter and not part of grid energy accounting, its generation should not be included in load factor computation.

Commission's findings

The Commission agreed with JVVNL. It interpreted the tariff clause as applicable only to grid-connected rooftop and captive solar plants and not to behind-the-meter installations. It noted that behind-the-meter projects avoid several regulatory and cost obligations borne by grid-connected plants and therefore cannot be treated equivalently for tariff benefits. The Commission held that exclusion of the petitioner's captive generation from load factor calculation was consistent with regulatory intent and found no violation of its tariff order. The Commission ruled that JVVNL's billing practice was correct and dismissed the petition.

Maharashtra

MERC approves competitive bidding for 2,000 MW standalone battery storage procurement

On 31 December 2025, the Maharashtra Electricity Regulatory Commission (MERC) approved a petition by Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL), allowing initiation of a competitive bidding process to procure 2,000 MW / 4,000 MWh of standalone Battery Energy Storage System (BESS) capacity on a long-term basis.

Background and demand outlook

MSEDCL filed the petition on 27 June 2025, citing the need to manage renewable integration challenges and comply with regulatory obligations. Its Resource Adequacy Study estimates total energy demand of about 10.48 lakh Million Units for FY 2025-26 to FY 2029-30, with peak demand increasing from 27,732 MW to 35,334 MW. Solar capacity is projected to grow from 16,012 MW to 32,377 MW by FY 2029-30, creating a cumulative daytime surplus of nearly 76,440 Million Units over five years.

Case for battery storage procurement

MSEDCL argued that surplus solar power cannot be economically sold in the market, noting Real-Time Market prices often fall near zero during solar hours, while non-solar prices range between Rs. 4 and Rs. 8 per unit. It proposed using BESS to store cheap solar power and discharge during peak periods. The Commission noted alignment with Maharashtra Renewable Purchase Obligation (Amendment) Regulations, 2024, which introduce Energy Storage Obligation requirements rising from 1.5% in FY 2024-25 to 4% by FY 2029-30, with most stored energy sourced from renewables.

Assessment of need and quantum

The Commission compared MSEDCL demand projections with revised short-term and medium-term resource adequacy plans. It observed that forecasts were lower than the Central Electricity Authority's 20th Electric Power Survey but consistent with actual maximum demand of 26,495 MW in FY 2024-25. Load curve analysis showed flexibility needs after sunset, when loss of solar output shifts demand to thermal units with limited ramping capability. MSEDCL has planned 2,750 MW of BESS by FY 2030-31. With 250 MW / 500 MWh already approved and an additional 500 MW / 1,000 MWh permitted under a green-shoe option, the Commission found the proposed 2,000 MW / 4,000 MWh procurement justified.

Commission review of bidding framework

The request for selection document, revised through eight addenda, provides a Build Own Operate structure, 100 MW / 200 MWh minimum bid size, plant siting near MSEDCL or MSETCL substations, a 15-year contract period, minimum 95% availability, and Viability Gap Funding support up to Rs. 18 lakh per MWh from the Ministry of Power.

The Commission disposed of interlocutory applications and approved the competitive bidding process for the full 2,000 MW / 4,000 MWh capacity, allowing MSEDCL to proceed with procurement.

MERC clears thermal and solar power procurement for MSEDCL

The Maharashtra Electricity Regulatory Commission has approved separate long-term power procurement proposals by Maharashtra State Electricity Distribution Co. Ltd., covering both thermal and solar capacity to address future demand planning, cost efficiency, and regulatory obligations.

In-principle approval for 1,600 MW thermal procurement tied to restructuring old contracts

On 4 December 2025, the Commission granted in-principle approval to MSEDCL to initiate competitive bidding for procuring 1,600 MW of thermal power under the Ministry of Power's DBFOO guidelines, supported by a state coal linkage. The approval is conditional on MSEDCL and Maharashtra State Power Generation Co. Ltd. mutually agreeing on early termination of existing long-term PPAs for identified aging plants.

MSEDCL argued that the proposed procurement is needed to phase out 11 MSPGCL units totaling 2,890 MW, which have crossed 25 years and supply power at tariffs between Rs 5.20 and Rs 6.87 per kWh. MSPGCL opposed early replacement, citing a Central Electricity Authority advisory against thermal retirements before 2030 and pointing to its renovation and modernization plans.

The Commission held that the procurement is justified primarily to replace costly units rather than meet unmet demand. It directed both utilities to negotiate mutually agreed conditions for early termination of units under the existing 2009 PPA and made the approval contingent on MSEDCL later proving that discovered tariffs are lower than the units being replaced. It also approved several deviations from Standard Bidding Documents, including revising the fixed-to-variable tariff ratio to 75:25, observing that this could help discover lower variable charges.

Approval for 1,600 MW solar procurement through NTPC with tariff adoption

On 31 December 2025, the Commission approved MSEDCL's proposal to procure 1,600 MW of solar power through NTPC Limited under Case No. 236 of 2024. It adopted tariffs discovered through competitive bidding in the range of Rs 2.66 to Rs 2.72 per kWh, inclusive of a Rs 0.07 per kWh trading margin for NTPC, and approved 25-year Power Sale Agreements with selected developers.

MSEDCL stated that the procurement is required to meet rising Renewable Purchase Obligation targets and integrate capacity within its Resource Adequacy framework. During proceedings, the Commission reviewed MSEDCL's plans to manage intermittency, noting contracted Battery Energy Storage Systems and pumped storage capacity to support integration.

The Commission held the procurement quantum justified, confirmed that the contracted power will count toward RPO compliance, and clarified that its role under the Electricity Rules, 2005 was to examine whether the distribution licensee should enter into PPAs based on tariffs already adopted by the Central Electricity Regulatory Commission. The procurement and executed agreements were approved.

MERC rules banking not applicable to inter-state open access transactions

The Maharashtra Electricity Regulatory Commission (MERC), in its order dated 30 December 2025, has clarified the inapplicability of banking provisions to inter-state open access transactions under its regulatory framework. The ruling came in response to a petition filed by Transition Sustainable Energy Services One Pvt. Ltd. (TSESOPL), which sought a declaration that banking adjustments by distribution licensees, as outlined in the MERC (Distribution Open Access) Regulations, 2016 and the MERC (Transmission Open Access) Regulations, 2016 along with their amendments, also apply to inter-state transactions. The Commission dismissed the petition, affirming that its banking mechanisms are designed solely for intra-state transactions and cannot be extended beyond the state's jurisdiction.

TSESOPL, a generating company with a 45 MWAC / 63 MWDC solar power plant in Bikaner, Rajasthan, had expressed its intent to sell power to consumers in Maharashtra and other states under open access. The petitioner argued that while the MERC regulations contain detailed provisions for banking surplus renewable energy with the distribution licensee, they do not explicitly differentiate between intra-state and inter-state transactions, creating regulatory ambiguity. TSESOPL highlighted that other state commissions, such as those in Uttarakhand and Punjab, have regulations explicitly applicable to open access customers using the inter-state system in conjunction with intra-state infrastructure. The company also pointed to an existing power offtake agreement with captive users in Maharashtra, including Hindustan Unilever Ltd., to establish its standing and the commercial necessity for clarity.

In its defence, the Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL) contested the Commission's jurisdiction over inter-state matters, stating that such transactions fall under the purview of the Central Electricity Regulatory Commission (CERC) as per the Electricity Act, 2003. MSEDCL argued that the MERC regulations are expressly limited to intra-state open access and that specific provisions, such as Regulation 8.3 of the MERC DOA Regulations, delegate procedures for inter-state open access to CERC regulations. MSEDCL further contended that extending state-level banking to inter-state transactions would conflict with the deviation settlement mechanisms under the MERC Forecasting, Scheduling, and Deviation Settlement Regulations, which penalize deviations from scheduled generation.

Other respondents presented varied views. Adani Electricity Mumbai Limited – Distribution (AEML-D) and Tata Power Company Limited – Distribution (TPC-D) generally agreed that banking provisions for renewable energy should apply irrespective of the transaction being intra-state or inter-state. However, TPC-D noted a practical challenge, stating that for inter-state transactions "the Distribution Licensee does not have visibility or operational control over the actual quantum of energy injected into the grid." TPC-D suggested that for such cases, the term 'injected' in the banking definition should be construed to mean 'scheduled.'

In its analysis, the Commission underscored the fundamental jurisdictional divide between state and central regulators. It noted that the MERC DOA and TOA Regulations are explicitly limited in scope. The DOA Regulations apply "for Open Access to and use of the Distribution System of Distribution Licensees in the State of Maharashtra," while the TOA Regulations apply "for Open Access to and use of the Intra-State Transmission System in Maharashtra." The order referenced provisions that

specifically delegate inter-state scheduling, transmission charges, and loss treatment to CERC regulations and the Indian Electricity Grid Code (IEGC).

The Commission emphasized the operational and accounting distinctions between intra-state and inter-state transactions. For intra-state transactions, banking allows for the physical adjustment of surplus injected energy.

In contrast, inter-state transactions are governed by a schedule-based framework coordinated by the Regional Load Despatch Centre (RLDC), with deviations settled through the national Deviation Settlement Mechanism (DSM). The order cited the analysis of the Forum of Regulators, which concluded that "Banking of energy for inter-state wheeling transactions may not be feasible as it is not aligned with regional framework for energy and deviation accounting."

Ultimately, MERC ruled that banking is a mechanism devised by State Commissions for intra-state balance and cannot be reconciled with the national schedule-based framework for cross-border electricity flow. The order stated, "banking adjustments shall not be applicable to inter-state transactions under the MERC DOA Regulations, 2016, MERC TOA Regulations, 2016, and their amendments." The petition was dismissed accordingly, providing definitive regulatory clarity that state-level banking provisions do not extend to inter-state open access transactions.

MERC rules consumer can use rooftop net metering with open access

The Maharashtra Electricity Regulatory Commission (MERC) has ruled in favor of a consumer seeking the simultaneous benefits of net metering for a rooftop solar installation and open access for procuring wind power. The Commission directed the Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL) to reconcile and refund overcharges resulting from its denial of net metering to Sou Sushila D. Ghodawat Charitable Trust (SSDGCT), with the ruling contingent on the outcome of a separate clarification petition filed by MSEDCL.

SSDGCT, a consumer with a contract demand of 1.05 MW, operates a 748.80 kWp rooftop solar system under a net metering arrangement approved in 2019. Beginning in January 2024, the consumer also began availing short-term open access (STOA) to source power from a 1.25 MW wind turbine. MSEDCL, billing for the months of January, February, March, August, September, and October 2024, accounted for the rooftop solar generation on a gross metering basis instead of net metering, leading to an alleged overcharge of Rs. 60,96,441. The petitioner argued this denial was arbitrary, especially since MSEDCL had applied net metering correctly in the intervening months of April through July 2024.

In its defense, MSEDCL contended that SSDGCT had not lawfully availed Green Energy Open Access (GEOA) as per the procedure mandated under the MERC (Distribution Open Access) (Second Amendment) Regulations, 2023, which came into effect on 10 November 2023. The discom argued that since the STOAs were "illegal or invalid" for not being procured through the designated State Nodal Agency (the Maharashtra State Load Despatch Centre), the consequent claim for net metering benefits was "fundamentally illegal or misconceived." MSEDCL also highlighted a pending petition (Case No. 232 of 2024) before the Commission, seeking clarification on the ambiguous provisions of the amended regulations.

The Commission analyzed the regulatory evolution, noting a key change. The 2019 regulations required rooftop solar energy to be adjusted on a gross metering basis during any open access period. This provision was deleted by the 2023 Amendment, which introduced Regulation 3.4, stating that a "Consumer having Roof Top Renewable Energy Generating Systems can simultaneously avail Open Access under these Regulations." The Commission found that the disputed billing period commenced in January 2024, post-notification of the 2023 amendment that explicitly permits simultaneous use. On the procedural lapse, the Commission held that MSEDCL could not deny benefits due to its own failure. It noted that MSEDCL delayed issuing its internal Commercial Circular (No. 346) to implement the new GEOA procedures by nearly ten months, until 9 September 2024. Furthermore, MSEDCL itself had issued the STOA approvals to SSDGCT for the disputed months under the old framework. The order stated, "Clearly by virtue of its own wrong, MSEDCL is denying legitimate benefit accruable to SSDGCT."

Consequently, the Commission allowed the petition. It directed the parties to reconcile the claim amount of Rs. 60,96,441 within thirty days, after which MSEDCL must effect a credit adjustment in the next billing cycle along with interest at the bank rate. The Commission noted that MSEDCL had already calculated a benefit of Rs. 20,42,131 for the period April–June 2025, which would be reflected in bills.

Kerala

KSERC removes ceiling on automatic fuel and power purchase cost recovery

On December 24, 2025, the Kerala State Electricity Regulatory Commission (KSERC) issued the final "Kerala State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) (Third Amendment) Regulations, 2025." This notification formally removed specific regulatory constraints on the automatic pass-through of fuel and power purchase cost variations to consumer tariffs. The amendment eliminates the prior mechanism that capped automatic monthly fuel surcharge adjustments at 10 paise per kilowatt-hour, requiring Commission approval for any recovery beyond that limit.

The Commission's stated rationale for this deregulation is rooted in alignment with central government policy and an analysis of recent cost trends. It cited the Ministry of Power's Electricity (Amendment) Rules, 2022, particularly Rule 14, which mandates an "automatic, monthly pass-through of variations in fuel and power purchase cost." The Commission noted that the State Government had directed it under Section 108 of the Electricity Act to comply with these central rules to facilitate "automatic, timely and complete recovery." Analysis of data from June 2023 to November 2025 indicated the ceiling had "constrained recovery of actual cost variations in several months," leading to under-recovery and undermining the "objective of financial neutrality."

A review of the surcharge computation from June 2023 to December 2025 provided quantitative context for the decision. The total recovery possible under the old framework was limited to 19 paise per unit, 10 paise through automatic adjustment and an additional 9 paise approved by the Commission for partial recovery of accumulated amounts up to January 2025. The Commission's analysis found that the computed fuel surcharge exceeded this recoverable level only in isolated months during the review period. In most other months, the surcharge remained at or below the recovered level, suggesting the ceiling was often redundant but obstructive when costs spiked.

Furthermore, the Commission referenced improved market conditions as a supporting factor for removing the ceiling. It pointed to policy measures by the Government of India that enhanced domestic coal availability, reduced import dependence, and rationalized GST on coal, which collectively led to "reduction and stabilisation of coal prices." This trend contributed to a more predictable fuel cost environment for thermal generating stations, ostensibly reducing the risk of extreme cost volatility being passed through automatically to consumers.

The regulatory process preceding the final notification included a stakeholder consultation phase. The draft amendment regulations were published on the Commission's website on December 1, 2025, accompanied by a detailed explanatory memorandum. An online public hearing was subsequently conducted on December 23, 2025. The Commission stated that after considering objections and suggestions from this hearing, it approved the final version of the Amendment Regulations. The notification concludes the process initiated to ensure conformity with central rules and address the accumulated evidence on cost recovery constraints, aiming to establish a mechanism for the complete pass-through of legitimate power purchase cost variations as per the amended central framework.

KSERC approves Rs 250 crore threshold for TBCB in intra-state transmission projects

On 17 December 2025, the Kerala State Electricity Regulatory Commission (KSERC) issued an order approving a key financial threshold for transmission project development, acting on policy directions from the State Government. In the matter of setting a threshold limit for Tariff Based Competitive Bidding in intra-state transmission projects, the Commission formally established that all such projects with an estimated capital cost exceeding Rs 250 crore will be developed through the competitive bidding route.

Legal and regulatory background

The decision follows a sequence of legal and policy developments. The Supreme Court, in its 23 November 2022 judgment in Tata Power Company Limited vs. Maharashtra Electricity Regulatory Commission & Ors., directed State Commissions to frame tariff regulations. Subsequently, KSERC incorporated provisions for Tariff Based Competitive Bidding tariff adoption in its First Amendment Regulations of 2023. Regulation 62A states that the Commission shall adopt tariffs discovered through a transparent competitive bidding process and notes that the threshold limit above which projects must follow this route may be notified by the State Government under Section 108 of the Electricity Act.

State government directive linked to reform-linked borrowing

The immediate trigger was a directive issued by the Government of Kerala on 21 November 2025. The directive complied with revised guidelines from the Department of Expenditure, Ministry of Finance, Government of India, which link additional state borrowing of 0.5% of Gross State Domestic Product to power sector reforms. One of the conditions includes prescribing a threshold limit for intra-state transmission projects to be developed through the competitive bidding route. The State Government directed the Commission to approve Rs 250 crore as the threshold limit, a figure proposed by Kerala State Electricity Board Limited.

Final directions issued by KSERC

The order sets out two key conditions. First, all intra-state transmission projects with an estimated capital cost above Rs 250 crore will follow the competitive bidding route in line with Central Government guidelines. Second, the successful bidder must approach the Commission for a transmission license and tariff adoption under the Electricity Act, 2003. The order aligns state policy, central reform mandates, and regulatory provisions, creating a clear framework for competitive development of large transmission projects in Kerala.

KSERC provisionally approves 10-year Resource Adequacy Plan

On 30 December 2025, the Kerala State Electricity Regulatory Commission (KSERC) issued an order provisionally approving the Resource Adequacy Plan for Kerala for 2025-26 to 2035-36. The plan, prepared by the Central Electricity Authority at the request of Kerala State Electricity Board Limited, was approved subject to specific observations and a requirement for technical review.

Demand projections and proposed capacity mix

The CEA study projects Kerala's energy requirement to grow from 34,008 Million Units in 2025-26 to 55,996 Million Units in 2035-36. Peak demand is expected to rise from 6,204 MW to 8,926 MW in the same period. To meet reliability standards, it recommends a contracted capacity mix of about 18,348 MW by 2035-36, including additions from coal, solar, wind, Battery Energy Storage Systems, Distributed Renewable Energy, and Round-The-Clock power. The study also identifies a Renewable Purchase Obligation deficit emerging from 2029-30 and rising to 16.02% by 2035-36.

Commission flags key concerns in methodology and inputs

The regulator noted that this is the first long-term resource adequacy exercise for Kerala but raised concerns over assumptions used. It observed that demand projections, influenced by unusually high summer consumption in 2023-24, could lead to excess capacity and burden consumers financially. It also flagged inclusion of unapproved long-term contracts, a 360 MW gas plant in inputs, anomalies in daily demand profiles, higher capital costs for external renewable projects, and use of a Central RPO trajectory instead of the KSERC-mandated one.

Direction for revised study using STELLAR software

KSERC directed KSEBL to conduct a revised study using the new indigenously developed STELLAR software, incorporating corrected demand projections, validated input data, and the applicable RPO trajectory. The updated analysis has to be presented by the second week of January 2026. The Commission clarified that provisional approval does not imply blanket approval of additional procurement and that separate approvals are required under tariff regulations.

Provisional approval linked to reform compliance

The Commission's order provisionally approves the CEA plan while conditioning it on the upcoming review. The approval also helps Kerala meet reform requirements linked to enhanced borrowing space, where resource adequacy planning carries a score value. KSERC is also in the process of notifying its own detailed Resource Adequacy Regulations, which will govern future planning cycles.

Jammu & Kashmir

JERC keeps power tariffs unchanged in J&K, exempts households from ToD peak surcharge

The Joint Electricity Regulatory Commission (JERC) for Jammu & Kashmir and Ladakh, in a tariff order issued on December 31, has ruled that domestic electricity consumers in Jammu and Kashmir will see no increase in their power tariffs until March 31, 2026. The order specifically puts on hold the implementation of a 20% peak-hour surcharge under the Time of Day (ToD) tariff framework for households, citing consumer interest and policy considerations.

While the order acknowledges a Union Ministry of Power mandate under the Electricity (Rights of Consumers) Rules, 2020, which requires a 20% higher tariff during peak hours, it clarifies that "the same is already included in the existing tariff, and so, the surcharge is continued as 20%," with its applicability restricted in scope. The Commission ruled that "ToD tariff will be applicable for HT consumers getting supply at 33 kV or higher level," effectively exempting domestic and other low-tension consumers from the peak-hour charge for the current tariff period.

Officials stated the decision aligns with the Jammu and Kashmir government's policy to continue providing subsidised power to the domestic segment, particularly considering winter demand patterns and regional economic conditions. Chief Minister Omar Abdullah, who holds the power portfolio, communicated to the JERC that the government would bridge the revenue gap by providing a grant-in-aid to the territory's two power distribution utilities, the Kashmir and Jammu Power Development Corporation Limited (KPDCL). The government clarified that high-power-consuming industrial units should not receive subsidies, "as their substantial power requirement often necessitates procurement of power at higher rates," but other consumer categories would continue on subsidised rates without enhancement for the 2025-26 financial year.

The Commission, in its order, approved a combined Aggregate Revenue Requirement of nearly Rs 6,900 crore for the two distribution companies for FY 2025-26 but noted a combined revenue gap exceeding Rs 1,430 crore, attributed mainly to high power purchase costs and dependence on imported electricity during winter. It took a firm stance on operational efficiency, stating, "The actual losses cannot be considered, and inefficiencies cannot be passed on to the consumers," while applying loss trajectories approved under the Revamped Distribution Sector Scheme (RDSS). The Commission also observed that while government support continues in the post-unbundling transition phase, "the financial support and grant-in-aid provided initially needs to be gradually phased out over the period."

The business community in Kashmir welcomed the order, particularly the exclusion of the ToD surcharge for domestic consumers. Javid Ahmad Tenga, President of the Kashmir Chamber of Commerce and Industry (KCCI), stated that while putting ToD on hold until March is appreciated, the proposal should be abandoned permanently. He cited filed objections based on inadequate power infrastructure, the absence of comprehensive smart metering, and the additional burden on struggling businesses. Mohammad Yaseen Khan, President of the Kashmir Traders and Manufacturers Federation, described the move as "much-needed relief," highlighting that affordable electricity is crucial for economic stability. The tariff order came into effect on January 1, 2026, and remains valid until March 31, 2026.

Jharkhand

JSERC approves four DVC power purchase agreements of 282 MW

The Jharkhand State Electricity Regulatory Commission (JSERC), through a series of orders dated 18 December 2025, approved four separate power procurement agreements filed by Damodar Valley Corporation (DVC). The approvals, granted by a bench comprising Chairperson Justice Navneet Kumar, Member (Law) Mahendra Prasad, and Member (Technical) Atul Kumar, authorise DVC to procure a combined 282 MW of power from hydro and firm renewable energy sources.

The Jharkhand State Electricity Regulatory Commission approved four power procurement agreements of Damodar Valley Corporation through orders issued on 18 December 2025. The approvals allow procurement of 282 MW from hydro projects and firm renewable capacity supported by battery storage.

Hydro power approvals

JSERC cleared agreements for 15 MW from Chenab Valley Power Projects Ltd from the Kiru Hydroelectric Project in Jammu and Kashmir, 12 MW from NHPC's Teesta-VI project in Sikkim, and 5 MW from Jal Power Corporation's Rangit-IV project in Sikkim. These allocations follow Ministry of Power approvals and will support load growth and Renewable Purchase Obligation compliance. Final tariffs for these projects will be determined by the Central Electricity Regulatory Commission under Section 62 of the Electricity Act.

Firm renewable with storage

The Commission also approved procurement of 250 MW of firm and dispatchable renewable energy through NHPC from a Rajasthan project being developed by ACME Solar. The project combines 250 MW solar capacity with a 250 MW/1,150 MWh Battery Energy Storage System. The tariff was discovered through competitive bidding at Rs 4.63 per unit under Section 63 of the Electricity Act.

Regulatory basis and outcome

All approvals were granted under the Commission's power to regulate procurement under Section 86(1)(b) of the Electricity Act and to promote renewable energy under Section 86(1)(e). The Commission noted that the projects benefit from an 18-year waiver of inter-state transmission charges as agreements were signed before 30 June 2025. All four petitions were approved and disposed of accordingly.

Outcome

JSERC approved all four agreements. The hydro PPAs were cleared at tariffs to be determined by CERC, while the FDRE agreement was approved at Rs 4.63 per unit. All petitions were disposed of.

West Bengal

WBERC clears over 950 MW long-term renewable procurement

In a set of orders issued in late December 2025, the West Bengal Electricity Regulatory Commission approved three major renewable power procurement proposals totaling more than 950 MW. The approvals are intended to help utilities meet Renewable Purchase Obligation targets and manage demand variability.

CESC approval for 600 MW wind-solar hybrid procurement

On 17 December, the Commission granted prior approval to CESC Limited to begin a tariff-based competitive bidding process for the long-term procurement of 600 MW of wind-solar hybrid power. In Case No. OA-541/25-26, the Commission recorded CESC's shortfall in RPO compliance and peak demand of 2,728 MW against limited renewable availability. The proposed procurement will adopt a 2:1 wind to solar mix with an expected 50% capacity utilisation factor and follow competitive bidding guidelines of the Ministry of Power. CESC has been directed to discover tariff through transparent bidding and seek approval for deviations and the final power purchase agreement.

WBSEDCL 100 MW solar power sale agreement

On 23 December, in Case No. PPA-147/25-26, the Commission approved a power sale agreement executed by WBSEDCL for 100 MW of solar power to be supplied through the Solar Energy Corporation of India. The power will come from a Rajasthan project developed by Amp Energy Green Four Private Limited. The approved tariff is Rs 2.50 per kWh plus a Rs 0.07 per kWh trading margin, already adopted by the Central Electricity Regulatory Commission. The Commission noted that the procurement will support WBSEDCL's solar RPO compliance and that the project enjoys full exemption from inter-state transmission system charges for 25 years.

DVC–NHPC 250 MW firm and dispatchable renewable procurement

On 26 December, in Case No. PPA-146/25-26, the Commission approved a 25-year power sale agreement between Damodar Valley Corporation and NHPC Limited for 250 MW of firm and dispatchable renewable energy. The supply will come from a Rajasthan project combining 250 MW solar with a 250 MW or 1,150 MWh battery energy storage system. The approved cost is Rs 4.63 per kWh including trading margin, with full inter-state transmission charge exemption. The Commission recorded that the procurement will support peak demand management and help DVC meet RPO obligations in West Bengal and Jharkhand.

In all three cases, the Commission acted under Section 86 of the Electricity Act, 2003, to regulate long-term procurement. The approvals require compliance with scheduling and grid code provisions, including intra-state availability based tariff regulations. Execution of the final agreements will be subject to regulatory scrutiny.

Uttar Pradesh

UPERC approves NPCL's short-term power procurement

The Uttar Pradesh Electricity Regulatory Commission has approved three short-term power procurement proposals of Noida Power Company Limited for FY 2026-27 to bridge projected demand deficits and support Renewable Purchase Obligation compliance. The approvals were issued by Chairman Arvind Kumar and Member Sanjay Kumar Singh in separate petitions.

35 MW non-solar renewable procurement

In an order dated 11 December 2025, the Commission approved procurement of 35 MW hydro power for the period from 01 August 2026 to 31 October 2026. The power will be supplied by Energy Edge Power Trading Private Limited from Kare Power Resources and Brindavan Hydropower in Karnataka. The weighted average tariff is Rs 5.38 per kWh at the Northern Regional Periphery. The Commission noted that the procurement supports non-solar RPO compliance and the discovered tariff is competitive compared to recent DEEP portal and exchange rates.

Up to 40 MW peak power procurement

Through an order dated 31 December 2025, UPERC approved procurement of up to 40 MW of peak power for 18:00 to 24:00 hours during 01 April 2026 to 30 September 2026. The supply will be through Tata Power Trading Company Limited from Prayagraj Power Generation Company Limited. The weighted average tariff is Rs 9.21 per kWh at the seller STU periphery in Uttar Pradesh, translating to about Rs 9.72 per kWh at NPCL's bus. The Commission observed that intra-state sourcing avoids T-GNA charges and results in cost savings along with competitive benchmarking against recent market discoveries.

50 MW solar power procurement

On 06 January 2026, the Commission approved procurement of 50 MW solar power for day-time hours between 08:00 and 17:00 from 01 April 2026 to

30 September 2026. Energy Edge Power Trading Private Limited will supply power sourced from India Power Company Limited, West Bengal, at a flat tariff of Rs 3.15 per kWh at the Northern Regional Periphery. The Commission recorded that the procurement will contribute to NPCL's solar RPO and the tariff compares favourably with G-TAM and G-DAM price trends.

Regulatory findings

In all three petitions, UPERC noted that tariff was discovered through competitive bidding on the DEEP portal in line with the Ministry of Power's short-term procurement guidelines. The Commission adopted the tariffs under Section 63 of the Electricity Act, 2003, and approved execution of the Power Purchase Agreements.

NPCL approached the Commission citing projected supply gaps during different time blocks between April and October 2026 and outlined its procurement strategy built on long, medium and short-term contracts to ensure supply reliability and regulatory compliance.

UPERC lowers upfront smart meter cost to Rs 2,800

The Uttar Pradesh Electricity Regulatory Commission (UPERC) has issued a revised Cost Data Book (CDB) for 2025 with a lower upfront cost for Advanced Metering Infrastructure (AMI) compatible smart prepaid meters for new electricity connections, while shifting part of the payment to instalments.

The Cost Data Book (CDB), dated 31 December 2025 and applicable to all distribution licensees in Uttar Pradesh, standardizes charges for new connections, load enhancement, and load reduction. A major change is the revised metering charge structure that allows consumers to pay for single phase smart meters through a mix of upfront payment and monthly instalments.

The revised structure states that the base cost of a 1-Phase, 2-Wire Smart Meter (Advanced Metering Infrastructure compatible) with meter box is Rs 2,800. However, Annexure-2 and Annexure-2A provide a lower initial payment. For a 1 kW connection under Lifeline consumers, the upfront metering charge is Rs 1,425. For a load up to 2 kW for consumers other than Lifeline, the upfront charge is Rs 1,855. In both categories, the distribution licensee will collect Rs 1,000 at the application stage, and the remaining amount will be recovered through 24 Equated Monthly Instalments (EMIs) of Rs 84 through electricity bills. Consumers may also choose to pay the full Rs 2,800 upfront.

For three phase connections, the cost of a 3-Phase, 4-Wire Smart Meter (Advanced Metering Infrastructure compatible) with meter box is Rs 4,100 under Annexure-29. The applicable upfront charges for different load slabs are provided in the respective annexures of the Cost Data Book.

The total payable amount for a new connection consists of four defined components. These include a processing fee linked to sanctioned load, a security deposit based on category and load, a metering charge replacing the earlier Fixed Service Line Charge, and a Supply Affording Charge replacing the earlier Variable Line Charge, which is linked to network extension distance.

The Cost Data Book remains valid for two years with annual escalation on material rates, except meters, linked to the Wholesale Price Index. Estimates will be prepared by the distribution licensees based on landed cost including material, labour, carriage, overheads, and applicable Goods and Services Tax (GST), while GST will not apply to security deposits or processing fees. For connections up to 50 kW, service cables and meter boards will be provided by the consumer. The Cost Data Book will come into effect from a date to be notified by Uttar Pradesh Power Corporation Limited (UPPCL) or the distribution licensees. In case of inconsistency between the Cost Data Book and the Electricity Supply Code, the Cost Data Book will prevail.

The revised framework seeks to streamline the connection process, bring clarity to cost elements, and support wider use of smart prepaid meters in Uttar Pradesh.

Andhra Pradesh

APERC approves 1.16 GW solar procurement, sets Rs 3.09 ceiling tariff

The Andhra Pradesh Electricity Regulatory Commission approved long-term procurement of 1,162.8 MW of solar power by state DISCOMs on 17 December 2025. The capacity will be used for feeder-level solarisation under Component-C of the PM-KUSUM scheme. The order was issued by Member and Chairman (in-charge) P.V.R. Reddy. The Commission also fixed a ceiling tariff of Rs 3.09 per kWh after accounting for a Goods and Services Tax reduction.

APSPDCL, APCPDCL, and APEPDCL sought approval after a circle-level competitive bidding process. The aggregate capacity will cover 293,587 agricultural pump sets. The weighted average negotiated tariff was Rs 3.17 per kWh. During hearings, APERC questioned the need for procurement, timelines, and data inconsistencies. It later directed tariff renegotiation in light of MNRE clarifications and a GST cut on renewable energy equipment from 12% to 5%. Stakeholders opposed the plan, citing surplus power risk, limited DISCOM benefit, and higher tariffs compared to large parks.

The Commission held the procurement was necessary based on the state Resource Plan and expected demand growth. It found the tariffs reasonable, noting that decentralised projects differ from utility-scale parks and avoid transmission costs.

On GST, APERC treated the tax cut as Change in Law. It estimated a capital cost reduction of about Rs 14 lakh per MW, translating to an 11 paise tariff impact. It fixed a ceiling tariff of Rs 3.09 per unit. Bidders above this tariff may seek partial relief if they incurred expenditure before 22 September 2025, subject to auditor certification.

The Commission approved procurement with conditions. DISCOMs must secure MNRE sanction for pump sets beyond the currently approved 200,000. Projects must adhere to the Rs 3.09 ceiling except where allowed. Connections are restricted to the 11 kV substation busbar. The Commission also ordered specific PPA changes and asked DISCOMs to explore distributed battery storage at substations.

Assam

APDCL seeks no tariff hike for FY 2026–27 despite Rs 20.21 crore revenue gap

The Assam Power Distribution Company Limited (APDCL) has proposed to the Assam Electricity Regulatory Commission (AERC) that electricity tariffs should remain unchanged for Financial Year (FY) 2026–27, even though it has projected a cumulative revenue gap of Rs 20.21 crore under the existing tariff structure.

In its tariff petition, the APDCL has stated that the cumulative revenue requirement for FY 2026–27 is estimated at Rs 11,747 crore, excluding the revenue gap and carrying cost from the Annual Performance Review (APR) of FY 2025–26. Against this, projected revenue at current tariffs is Rs 11,726.60 crore, leading to a marginal gap of Rs 20.21 crore.

The APDCL has projected electricity sales of 13,182 million units (MU) for FY 2026–27. Based on this, the Average Cost of Supply (ACoS) is estimated at Rs 8.91 per unit, which is about 2.19% higher than the prevailing Rs 8.72 per unit in FY 2025–26, excluding subsidy and fuel cost adjustments.

According to the utility, recovering the revenue gap would require only a nominal increase of about 1.53 paise per unit, but it has decided not to pass this additional burden on consumers. The cumulative revenue gap till FY 2026–27 includes a true-up gap of Rs 377.27 crore for FY 2024–25, carrying cost of Rs 89.76 crore, and a total true-up gap of Rs 467.03 crore. The APR for FY 2025–26 indicates a further gross revenue gap of Rs 177.74 crore, including carrying costs.

The APDCL has highlighted that power purchase cost continues to be the dominant cost factor, accounting for more than 92% of the ACoS at Rs 7.95 per unit. Operation and maintenance expenses contribute around Rs 1.08 per unit, with employee expenses forming the largest portion within this component.

The utility has proposed continuation of the tariff structure approved by the AERC on 25 March 2025 for all Low Tension (LT) and High Tension (HT) consumer categories during FY 2026–27. It has also sought continuation of the existing Time of Day (ToD) tariff, which offers a 20% rebate during solar hours from 9:00 am to 5:00 pm and a 20% surcharge during peak hours from 5:00 pm to 10:00 pm. However, it has acknowledged that continuation of this ToD system results in an estimated revenue loss of Rs 163.21 crore and has requested approval to recover this under the Aggregate Revenue Requirement (ARR).

While the Assam government currently offers targeted subsidies to select domestic consumers, the APDCL has assumed full-cost tariffs for FY 2026–27 in the absence of a confirmed subsidy commitment. Any subsidy approved later under Section 65 of the Electricity Act, 2003 will be adjusted based on AERC approval.

The utility has also indicated that initiatives such as green tariffs and green energy open access could support revenue generation during the remaining Multi-Year Tariff (MYT) control period. It has further stated that its proposal is consistent with the Electricity Act, 2003, the National Electricity Policy, the National Tariff Policy, and the MYT Regulations, 2024, and ensures tariffs remain within the ±20% band of the ACoS.

In its order, the AERC has directed the APDCL to upload the tariff petition on its website and allow stakeholders to submit comments.

Uttarakhand

UERC adopts tariff for 500 MW medium-term RTC power procurement by UPCL

The Uttarakhand Electricity Regulatory Commission (UERC), in an order dated 17 December 2025, adopted the tariff discovered through competitive bidding for procurement of 500 MW Round-the-Clock coal-based power by Uttarakhand Power Corporation Limited. The Commission approved procurement from Jindal Power Limited for 150 MW and Power Pulse Trading Solutions Limited for 350 MW for four years, extendable by one year. The discovered tariff is Rs 5.85 per kWh at the Central Transmission Utility periphery, translating to about Rs 6.06 per kWh at the state periphery after losses.

Background and petition

UPCL approached the Commission under Section 86(1)(b) read with Section 63 of the Electricity Act seeking adoption of tariff discovered through a bidding process on the Ministry of Power's DEEP portal. The utility stated that the procurement was needed to reduce exposure to short-term power markets and secure reliable medium-term power, in line with repeated regulatory directions.

Conditions linked to power surrender and operational flexibility

A major part of the proceedings dealt with UPCL's plea to relax conditions imposed in an earlier in-principle approval order dated 06 November 2025. Those conditions restricted backing down contracted power and required prior banking arrangements for surplus power. UPCL argued these restrictions were impractical in system operations and sought flexibility to follow Merit Order Dispatch.

Commission's observations on consumer protection and prudence

The Commission refused to grant a blanket waiver. It reiterated that costs arising from inefficient planning or avoidable surrender of contracted power cannot be passed to consumers. It clarified that only genuinely exceptional circumstances, beyond UPCL's control, could be examined if surrender costs arise, and such situations cannot include routine planning deficiencies. It restated that surrendering medium-term contracted power must not be treated as an operational option.

Final decision

After reviewing bidding records and comparing tariffs with similar procurements in other states, the Commission found the discovered tariff reasonable and confirmed compliance with competitive bidding guidelines. A procedural delay in issuing the Letter of Award was rectified during the proceedings through Letters of Intent issuance. The Commission also approved the draft procurement agreements and directed UPCL to submit signed copies within ten days. The petition was allowed and the tariff formally adopted.

UERC clears over Rs 121 crore investment for Uttarakhand's grid upgrades

The Uttarakhand Electricity Regulatory Commission, through three separate orders issued in December 2025, granted in-principle approval for four power infrastructure projects proposed by the state's transmission and distribution utilities. Together, the approvals cover capital expenditure exceeding Rs 121 crore, targeting capacity augmentation, reliability enhancement, and improvements in voltage profile and system availability across multiple locations.

Additional transformer at 220 kV Virbhadra substation

In Petition No. 73 of 2025, the Commission approved Rs 25.06 crore for Power Transmission Corporation of Uttarakhand Limited to augment capacity at the 220 kV Virbhadra substation in Rishikesh. A third 160 MVA transformer will be added to address peak loading of 97.61% on existing transformers and to meet N-1 contingency norms under Central Electricity Authority standards. The Commission noted that the project will relieve existing loading stress and ensure compliance with contingency requirements.

Reconfiguration of Sherpur transmission connectivity

In Petition No. 21 of 2024, the Commission sanctioned Rs 71.20 crore for reconfiguring the 220 kV network at the 400 kV Sherpur substation. The project involves terminating the current Line-In Line-Out arrangement at the Vyasi Hydro project and establishing a direct connection to the 400 kV Sherpur grid. The Commission accepted submissions that uneven power flow and operational vulnerabilities under the existing configuration had led to significant disturbances earlier. The project will also allow use of spare bays at a Power Grid Corporation facility, potentially reducing liability for idle infrastructure charges.

Two new 33/11 kV distribution substations

In Petition No. 76 of 2025, the Commission approved two Uttarakhand Power Corporation Limited projects. A Rs 11.10 crore substation at Pakhi in Chamoli will address low voltage conditions and long outage restoration times for nearly 4,000 consumers on lengthy forest feeders. A Rs 8.97 crore substation at Sara in Dehradun will relieve overloaded substations in the Selaqui industrial belt and improve supply conditions for about 3,000 consumers. The Commission recorded expected improvement in voltage regulation and a nine-year payback period for both investments.

Financial scrutiny and conditions

Across all approvals, the Commission applied uniform financial discipline, trimming original estimates by disallowing certain contingency provisions to align with regulatory practice. The approvals are subject to competitive procurement, adherence to loan terms from REC and PFC, and submission of evidence of state equity support. The Commission cautioned that costs remain provisional, pending finalisation of the Schedule of Rates for FY 2024-25, and will be subjected to prudence review in future tariff proceedings.

Odisha

OERC approves Rs 3.76/kWh tariff for 50 MW under PM-KUSUM-A

The Odisha Electricity Regulatory Commission (OERC), comprising Chairperson Shri Pradeep Kumar Jena and Members Shri S.K. Ray Mohapatra and Shri B. Mohanty, issued an order on 20 December 2025 on an application filed by TPCODL on behalf of the state's four distribution companies. The petition sought approval of a Feed-in-Tariff for procuring solar power under the PM-KUSUM Component-A scheme. The Commission approved a tariff of Rs 3.76 per kilowatt-hour for 50 MW of decentralized solar power discovered through fresh competitive bidding, allowing the DISCOMs and GRIDCO to move ahead with implementation.

The case relates to the DISCOMs' role as implementing agencies for PM-KUSUM-A, which focuses on decentralized grid-connected solar plants on agricultural land. Earlier, in Case No. 49 of 2024, OERC had approved Rs 4.40/kWh for 50 MW. When the DISCOMs later sought to apply the same tariff to another 150 MW, the Commission, in an order dated 08 August 2025, rejected the plea and directed a new transparent bidding process to reduce consumer burden.

Bidding outcome and discovered tariff

Following the Commission's direction, TPCODL conducted competitive bidding and reverse auction. Out of 130 entities that purchased tender documents, 34 qualified bidders participated, resulting in an L-1 tariff of Rs 3.76/kWh. The DISCOMs then approached OERC seeking approval of this tariff for an additional 50 MW, consistent with Odisha's revised allocation of 90 MW under the scheme from the Ministry of New and Renewable Energy (MNRE).

GRIDCO's submissions and state support

GRIDCO initially objected in an affidavit dated 11 December 2025, citing concerns about the tender process and noting that the discovered tariff was higher than its average power purchase cost of Rs 3.28/kWh. However, in a subsequent affidavit dated 12 December 2025, GRIDCO withdrew its objections, endorsed the transparency of the bidding, and agreed to procure power at Rs 3.76/kWh to support distributed renewable obligations. The Department of Energy, Government of Odisha, also supported the discovered tariff and the process followed.

Commission's analysis and reasoning

The Commission examined the tender process independently and recorded that multiple bidders, transparent auctioning, and competitive discovery strengthened confidence in the outcome. It noted that the tariff reflected a significant drop from Rs 4.40/kWh approved earlier. The order stated that this reduction would not impose unnecessary burden on consumers.

Final decision and directions

OERC approved Rs 3.76/kWh for the additional 50 MW under PM-KUSUM-A on a Build-Own-Operate basis. It directed DISCOMs and GRIDCO to execute Tripartite Power Purchase Agreements with selected Solar Power Generators and ensure timely commissioning as per MNRE timelines to secure Performance-Based Incentives. The Commission also asked the entities to obtain necessary board approvals and submit status on implementation of the earlier 50 MW approved in 2024. The case was disposed of with these directions.

Odisha utilities seek tariff hikes that could raise consumer bills by about Rs 1 per unit

Electricity consumers in Odisha may see a sharp rise in power bills next year. Multiple power utilities have sought tariff increases that could push retail electricity prices up by nearly Rs 1 per unit. After GRIDCO proposed a 58 paise per unit hike in bulk supply price, six other utilities have also asked for tariff revisions citing significant revenue shortfalls. If all proposals are approved, the average increase in retail tariff could be about 98 paise per unit.

Revenue gap projections

The seven power sector entities have projected a combined revenue shortfall of Rs 3,276 crore in the next financial year if the current tariff for 2025-26 remains unchanged. They have filed separate applications before the Odisha Electricity Regulatory Commission (OERC) for approval of their Annual Revenue Requirements and determination of tariff for 2026-27.

Utilities seeking tariff revisions

The entities that have sought revisions include Odisha Hydro Power Corporation (OHPC), Odisha Power Transmission Corporation Limited (OPTCL), GRIDCO, and four Tata Power-managed distribution companies: TPCODL, TPNODL, TPSODL and TPWODL. Odisha Power Generation Corporation (OPGC) is the only major utility that has not sought an increase.

OHPC's proposal

OHPC operates six hydro power stations with a total capacity of 2,040 MW. It has projected a revenue requirement of Rs 644 crore for the next financial year. With an estimated shortfall of Rs 83 crore at existing tariffs, OHPC has proposed to raise its sale price to GRIDCO by 15 paise per unit, from Rs 1.00 to Rs 1.15.

OPTCL's submission

OPTCL has estimated a revenue requirement of Rs 1,490 crore to transmit 41,850 million units through the state grid next year. At current transmission tariffs, it expects to realise only Rs 1,067 crore, leaving a gap of Rs 423 crore.

The utility has sought an increase in transmission charges from 25.50 paise per unit to 35.61 paise per unit. It has also projected an additional Rs 15 crore requirement for operating the State Load Despatch Centre.

Distribution companies' demand

The four Tata Power-managed distribution companies have jointly projected a revenue requirement of Rs 20,673 crore for distribution operations.

They plan to purchase 39,104 million units from GRIDCO, accounting for 15% distribution losses, and sell 33,315 million units to about one crore consumers. At existing tariffs, this sale is expected to generate Rs 20,009 crore, leaving a gap of Rs 664 crore. They have sought either a reduction in GRIDCO's bulk supply price or an increase in retail tariff to bridge this gap.

OPGC proposes tariff reduction

In contrast, Odisha Power Generation Corporation has proposed a reduction in its tariff from the 420 MW IB Thermal Power Station Stage I. It expects to sell 2,755 million units to GRIDCO and has proposed a tariff of Rs 2.57 per unit for 2026-27, compared to the current approved tariff of Rs 3.13 per unit, to meet its projected revenue of Rs 707 crore.

GRIDCO proposes amnesty scheme to clear Rs 6,425 crore legacy arrears

Faced with legacy arrear dues of Rs 6,425 crore receivable from erstwhile distribution companies prior to their takeover by Tata Power, GRIDCO has proposed an Amnesty Arrear Clearance Scheme to the Odisha Electricity Regulatory Commission. The utility said the scheme would offer genuine consumers an opportunity to settle long pending dues in a transparent manner.

Scope and applicability

GRIDCO submitted the proposal as part of its Annual Revenue Requirement filing for determination of Bulk Supply Tariff for 2026-27. The scheme would apply to arrears accumulated before Tata Power took over CESU, NESCO, SOUTHCO and WESCO. Of the total dues, Rs 2,656.42 crore is principal while delayed payment surcharge amounts to Rs 3,769 crore. The scheme would be open to all consumer categories except the state government and its entities and would remain valid for 180 days from OERC approval.

Rebate structure for domestic consumers

For domestic consumers opting for one-time settlement, GRIDCO has proposed waiver of 100% delayed payment surcharge and 50% of the balance arrears, excluding electricity duty. Those opting for six equal monthly instalments would receive 50% waiver on DPS and 30% rebate on arrears.

Rebate for LT category consumers

For other low tension consumers, the proposal suggests full waiver of DPS and payment of 40% of balance arrears under one-time settlement. For instalment payment over six months, GRIDCO has proposed 50% rebate on DPS and 30% waiver on arrears.

Relief for HT and EHT consumers

For high tension and extra high tension consumers, the scheme proposes waiver of entire DPS and 30% of arrears under one-time settlement. For instalment plans, rebate of 40% on DPS and 20% on arrears has been suggested.

Expected benefits

GRIDCO has sought permission to file a joint petition with Tata Power-managed distribution companies. It said the scheme will improve revenue realisation, cash flow and reduce non-performing receivables. It added that the proposal is expected to improve consumer compliance and support the financial stability of the power distribution sector.

Arunachal Pradesh

APERC issues draft DSM regulations for 2025

The Arunachal Pradesh State Electricity Regulatory Commission (APERC) has issued the draft Deviation Settlement Mechanism and Related Matters Regulations, 2025. The draft aims to ensure grid security and operational discipline by enforcing adherence to scheduled injection and drawal of electricity by all grid users in the state.

The proposed framework establishes a commercial mechanism to settle deviations arising when an entity injects or draws electricity beyond its approved schedule. The regulations apply to all intra state entities with a generating capacity of 1 MW and above. This includes renewable energy generators, open access generators, and captive generators, except those operating in situ. The State Load Despatch Centre (SLDC) has been designated as the nodal agency responsible for monitoring deviations and carrying out all related computations, including the assessment of deviation charges.

Under the draft, all state entities are required to follow schedules as defined in the State Grid Code and to share details of their energy exchange contracts with the SLDC. These details include the contract rate and the nature of the energy exchange. Deviation has been defined as the difference between actual injection or drawal and the scheduled generation or drawal for a specific time block.

For general sellers, defined as generators other than wind, solar, hybrid, run of river, or municipal solid waste based units, deviation charges are linked to grid frequency and the Reference Charge Rate. If a general seller injects power in excess of its schedule when the grid frequency is between 49.90 Hz and 50.05 Hz, payment is allowed at the Reference Charge Rate when frequency is between 49.97 Hz and 50.03 Hz. As frequency rises above 50.03 Hz, the receivable amount reduces progressively and falls to 50% of the Reference Charge Rate at 50.05 Hz.

For wind, solar, and municipal solid waste generators, deviation charges are not frequency linked. Instead, charges are determined based on the applicable contract rate and specified volume limits. In the case of municipal solid waste generators, the charges vary with the percentage deviation from the schedule. For buyers, deviation charges are linked to grid frequency and the Normal Rate, subject to defined volume limits.

The Normal Rate is determined as the highest value derived from three specified methods. The primary method is based on the weighted average Area Clearing Price in the Integrated Day Ahead Market and the Real Time Market across power exchanges. One of the alternative methods includes a component related to ancillary service charges.

The SLDC will operate a State Deviation Pool Account into which all deviation charges and late payment surcharges will be deposited. It will issue a weekly statement detailing deviation charges and a consolidated State Deviation Settlement Account on a monthly basis. Deviation payments have been accorded high priority, with entities required to settle dues within ten days of statement issuance. Delayed payments will attract a late payment surcharge of 0.04% per day.

The draft regulations define gaming as any deliberate mis declaration of capacity or drawal schedules to obtain unfair commercial advantage. APERC has reserved the right to initiate action against such practices. The Commission also retains the authority to relax or amend provisions of the regulations as required.

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