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Power Peak Digest

Regulatory Digest

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Editorial

For over a decade, Indian power policy centred on capacity addition. Tariffs declined, manufacturing scaled, and renewables expanded. January 2026 marks a shift. The Draft National Electricity Policy 2026 places system management at the forefront. The emphasis has moved from expansion to discipline.

Automatic Generation Control brings solar and wind within formal operational obligation. Grid-forming inverters signal that weak grids will no longer absorb variability without support. Pumped storage targets and battery traceability frameworks reflect preparation for a more tightly balanced system.

State commissions are recalibrating—designing demand flexibility mechanisms, phasing surcharge regimes, formalising banking, and clarifying open access structures. CERC's consultation on connectivity underscores the tension between grid optimisation and project bankability.

The task now is not expansion alone. It is disciplined management of what already exists.

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Policy Landscape

January 2026 marked a decisive shift in India's power sector governance. The month witnessed ministries and central agencies issuing draft policies, final roadmaps, procedural reforms, and technology consultations that collectively prioritise grid stability, storage integration, cost competitiveness, and lifecycle accountability. They signal that renewable penetration is no longer the primary policy objective. System management is.

I. National strategy and system planning

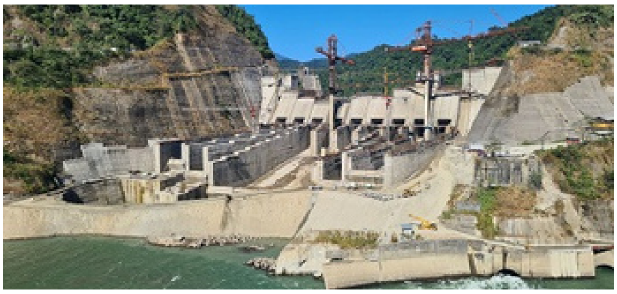
Draft national electricity policy 2026: Structural reset

The Draft NEP 2026 is the first comprehensive revision of the 2005 policy. It aligns electricity sector planning with the 2047 developed-nation objective and addresses three structural weaknesses: distribution company financial fragility, renewable variability, and transmission inflexibility.

The policy decentralises resource adequacy. The Central Electricity Authority (CEA) will prepare national plans, while State Load Despatch Centres (SLDCs) and distribution companies (DISCOMs) will prepare state and utility-level adequacy plans. Storage procurement is embedded within these obligations.

Cross-subsidy rationalisation receives explicit treatment. The draft proposes exemptions for manufacturing industries, Indian Railways, and Metro Rail from cross-subsidy surcharges. The policy links industrial competitiveness directly to electricity pricing reform.

Renewable deployment is repositioned. Projects are encouraged closer to load centres, supported by storage. A 2030 objective for improved renewable scheduling discipline is articulated. Coal remains designated as essential baseload capacity, with emphasis on flexibility retrofits rather than phase-down.



The draft also proposes creation of Distribution System Operators (DSOs) to professionalise network management and enforce service quality compensation mechanisms.

100 GW pumped storage roadmap

The Central Electricity Authority has released a roadmap targeting 100,810 MW of pumped storage project (PSP) capacity by 2035–36. The current baseline stands at 7,175.6 MW operational, 11,620 MW under construction, and 74,940 MW at survey stage, largely off-stream closed-loop designs.

The roadmap identifies off-stream closed-loop PSPs as the primary growth pathway. These projects carry lower environmental risk and a shorter gestation period of approximately 3.5 to 4 years.

Key enablers include continuation of inter-state transmission system (ISTS) charge waivers, recommendation of budgetary support for enabling infrastructure such as access roads and transmission linkages, and permission to utilise exhausted mines for PSP development.

CEA projects storage requirements of 161 GW by 2034–35 and 476 GW by 2046–47. The roadmap positions pumped storage as the dominant long-duration storage solution, while batteries are implicitly assigned short-duration regulation roles. The technology segmentation is now formalised.

II. Grid modernisation and renewable integration

Automatic generation control expansion

The National Load Despatch Centre (NLDC), under Grid-India, has issued a consultation on extending Automatic Generation Control (AGC) to renewables, battery energy storage systems (BESS), and pumped storage.

Currently, 219 generating units across 85 plants, representing about 82.83 GW, participate in AGC and deliver 1,500–2,000 MW of real-time regulation.

The proposal requires solar and wind plants above 100 MW to provide AGC, primarily through down-regulation. A pilot at the 180 MW Devikot solar plant demonstrated technical feasibility.

Battery pilots, including a 20 MW/40 MWh project at Kilokari, confirmed fast response capability. However, manufacturer-imposed cooling intervals were identified as a constraint. The consultation recommends seamless bidirectional operation.

Pumped storage limitations in pumping mode are acknowledged. Incentive structures are proposed accordingly.

Compensation levels for renewables are nominal, indicating intent to treat AGC participation as a grid obligation rather than a commercial revenue stream. For BESS, both declared compensation and fixed reserve payment models are proposed.

Grid-forming inverter strategy

Grid-India has issued a discussion paper on grid-forming (GFM) inverters following 68 major renewable generation loss incidents between January 2022 and July 2025 attributed to weak grid conditions. Grid-following inverters rely on phase-locked loops and external voltage references. Grid-forming inverters act as voltage sources and can stabilise weak grids independently. Simulation studies, including Rajasthan-focused modelling, indicate improved voltage stability, reduced rate of change of frequency, and better performance under low Short Circuit Ratio conditions.

The paper proposes mandatory GFM capability for new large BESS projects above 50 MW in weak-grid areas, with pilot deployment before wider mandates. The move shifts inverter technology from passive compliance to active grid support. It also creates immediate implications for storage developers in high-renewable states.

III. Captive power and commercial structure

Amendments to captive generating plant rules

The Ministry of Power has proposed amendments to the Electricity Rules, 2005 governing captive generating plants (CGPs). Equity ownership through subsidiaries, holding companies, and sister concerns is explicitly recognised. Compliance periods can be calculated over a financial year or continuous 12-month period, with weighted averaging for variable shareholding.

Associations of persons (AoP) and special purpose vehicles (SPV) are permitted flexible consumption patterns. Excess drawal beyond entitlement does not disqualify plant-level 51% consumption compliance.

Verification responsibilities are allocated to state nodal agencies for intra-state projects and NLDC for inter-state cases. Cross-subsidy surcharge (CSS) and additional surcharge (AS) are not levied during verification if declarations are filed, though recoverable if CGP status fails.

These amendments reduce litigation risk for industrial consumers relying on captive renewable structures to manage tariff exposure.

IV. Project execution and procedural clarity

GIB-related force majeure recognition

The Ministry of New and Renewable Energy (MNRE) has granted force majeure recognition for renewable projects affected by transmission approval delays linked to Great Indian Bustard (GIB) litigation.

Projects of SECI, NTPC, NHPC, and SJVN in Rajasthan and Gujarat are eligible for extension covering March 21, 2024 to December 19, 2025, subject to documentary proof and compliance undertakings.

Additional capacity for technical compliance

The Central Transmission Utility of India Limited (CTUIL) has clarified that developers may install additional inverters or wind turbine generators beyond granted connectivity quantum to meet point-of-interconnection (POI) technical requirements, provided injection remains within approved limits. No additional bank guarantee is required. The clarification resolves tension between installed capacity and injection capacity.

Connectivity closure procedure

CTUIL has also issued a draft procedure for closing connectivity applications where ISTS augmentation schemes are not approved. The order formally recognises judicial proceedings affecting statutory approvals as force majeure events. The precedent may influence future biodiversity-related project delays.

Applications will be formally rejected and associated guarantees returned. Twenty percent of the application fee may be forfeited if the applicant opts to reduce quantum. No liability for commercial loss is assumed.

The framework introduces closure certainty to projects previously stalled in indefinite status.

V. Equipment quality and traceability

Battery pack Aadhaar framework

The Ministry of Road Transport and Highways (MoRTH) has released draft guidelines for a battery traceability framework covering electric vehicle batteries and industrial batteries above 2 kWh.

The architecture includes a 21-character alphanumeric code, QR integration, and a secure server data layer. Data categories include manufacturer identity, material composition, carbon footprint, and dynamic performance metrics such as state of health.

The framework aligns with Extended Producer Responsibility compliance and Advanced Chemistry Cell production-linked incentive verification.

Solar inverter standards and labelling

The Bureau of Energy Efficiency (BEE) has set February 28, 2026 as the re-registration deadline for grid-connected solar inverters up to 100 kW.

Minimum efficiency thresholds range from 92% for sub-1 kW units to 98% for units above 20 kW. Compliance requires adherence to IS 17980:2022 and IEC 62891:2020, with testing at accredited laboratories.

Non-submission leads to automatic deactivation of model registration.

The measure signals tighter quality enforcement in a crowded inverter market.

Revised type test and MQAP guidelines

The Central Electricity Authority has issued revised Type Test Guidelines 2026 and Manufacturing Quality Assurance Plan (MQAP) Guidelines 2026, effective January 19, 2026.

These are now incorporated into the CEA (Technical Standards) Regulations, 2022 and are mandatory. Validity periods are standardised, repeat testing is reduced where design is unchanged, and quality control is harmonised across generation and transmission segments.

The shift from advisory to regulatory status increases compliance obligations for manufacturers and utilities.

VI. Transmission and right of way reform

The Ministry of Power has amended supplementary guidelines on right-of-way (RoW) compensation.

Three Insolvency and Bankruptcy Board of India (IBBI)-empanelled valuers are appointed simultaneously. Sealed reports are submitted within 21 days. Two reports are selected by lottery to determine reference rates, with defined variance handling rules.

The design addresses sequential valuation delays and reduces dispute scope. RoW bottlenecks remain one of the primary constraints in transmission build-out. The reform targets that friction point directly.

VII. BESS procurement relief

The Ministry of Power has granted a one-year waiver, from January 9, 2026 to January 8, 2027, from Department for Promotion of Industry and Internal Trade (DPIIT) registration requirements for BESS bidders using lithium-ion cell technology through transfer-of-technology arrangements with land-border sharing countries. The waiver acknowledges limited domestic lithium-ion cell availability and prevents restricted bidder participation from delaying storage deployment.

Together, these policies represent a structural pivot. Grid stabilisation instruments such as AGC expansion, grid-forming inverter deployment, and pumped storage planning indicate active grid formation rather than passive accommodation of variability.

Commercial reforms through captive rule amendments and surcharge rationalisation address industrial tariff competitiveness. Procedural clarifications on force majeure, connectivity closure, and RoW valuation improve bankability.

Quality regulation through inverter standards, battery traceability, and mandatory type test integration strengthens manufacturing discipline.

From the Bench

Court Orders

Supreme Court orders refund of customs duty to Adani Power for SEZ electricity supplies

The Supreme Court of India has allowed an appeal by Adani Power Limited, holding that the levy of customs duty on electricity supplied from its Special Economic Zone (SEZ) plant to the Domestic Tariff Area (DTA) lacked legal authority. The Court has directed the Union of India to refund the duties collected between 16 September 2010 and 15 February 2016.

The case relates to customs duty imposed on electricity supplied from Adani Power's around 5,200 MW coal-based power plant located in the Mundra Special Economic Zone (SEZ) in Gujarat to the Domestic Tariff Area (DTA).

The controversy arose from a series of government notifications. Notification No. 25/2010-Cus. dated 27 February 2010 imposed a 16% ad valorem duty retrospectively from 26 June 2009. Notification No. 91/2010-Cus. dated 16 September 2010 replaced this with a specific rate of Rs 0.10 per unit. Notification No. 26/2012-Cus. dated 18 April 2012 reduced the duty to Rs 0.03 per unit. Notification No. 9/2016-Cus. dated 16 February 2016 finally granted exemption for such electricity supplied from large SEZ power plants.

Adani Power challenged the original 16% levy. On 15 July 2015, the Gujarat High Court struck down Notification No. 25/2010-Cus., terming the levy ultra vires. The Supreme Court declined to interfere with this judgment in November 2015. Later, Adani Power sought refunds for the period after 15 September 2010 when duty was collected at Rs 0.10 per unit and Rs 0.03 per unit. However, the Gujarat High Court in its 28 June 2019 judgment refused the refund, holding that the earlier decision applied only to the earlier period and notification. Adani Power then appealed this 2019 ruling.

A Bench of Justices Aravind Kumar and N.V. Anjaria has now set aside the 2019 Gujarat High Court ruling. The Supreme Court held that the 2015 Gujarat High Court judgment was a general declaration of law and not restricted to a single notification or time period. It ruled that electricity supplied from an SEZ to the DTA did not attract customs duty because there was no valid taxable event of import into India. The Court found no change in the legal position between the earlier period and the period from 16 September 2010 to 15 February 2016. It stated that changing the rate of duty did not cure the absence of legal authority to levy it.

The Court also rejected the contention that each later notification required a separate legal challenge. It observed that once a levy is declared illegal, constitutional courts can grant relief against its continuation without repetitive litigation. It further noted that the Gujarat High Court Bench in 2019, being a coordinate Bench, should have followed the 2015 decision or referred the matter to a larger Bench.

The Supreme Court has directed the Union of India and the concerned customs authorities to verify and refund the customs duty collected from Adani Power for electricity supplied from the SEZ to the DTA during the period from 16 September 2010 to 15 February 2016. The refund will not carry interest.

The jurisdictional Commissioner of Customs has been asked to complete this exercise within eight weeks. No further customs duty demands for this period will be enforced. The Court clarified that its ruling is confined to the legal framework relevant to the disputed period and does not comment on any future regime.

Supreme Court upholds interim relief for generators under Section 11

The Supreme Court has dismissed civil appeals challenging interim financial relief granted to power generators affected by directions issued under Section 11(1) of the Electricity Act, 2003. The Court declined to interfere with the Appellate Tribunal for Electricity (APTEL) order that upheld the Central Electricity Regulatory Commission's (CERC) authority to grant such relief pending final adjudication.

The dispute arose from directions issued in public interest under Section 11(1) of the Electricity Act, 2003, which required generating stations to supply power using imported coal amid domestic coal shortages and high demand. These directions applied to several generators, including Tata Power Company Limited's Mundra Ultra Mega Power Project, earlier known as Coastal Gujarat Power Limited. The Energy Charge Rate (ECR) notified under the Section 11 directions was significantly lower than the actual cost of generation using imported coal, leading to sustained adverse financial impact on generators operating under statutory compulsion.

In response, the generator approached the CERC under Section 11(2) of the Electricity Act, 2003, seeking adjudication of the financial impact and interim financial relief pending final determination.

The issues before the Court included whether interim financial relief could be granted under Section 11(2) for adverse financial impact arising from Section 11(1) directions, whether APTEL was justified in upholding CERC's power to grant such interim relief, whether the Supreme Court should interfere with APTEL's interim order, and whether a limited remand to CERC for arithmetical recomputation was required without disturbing the grant of interim relief.

Dismissing the appeals, the Supreme Court upheld CERC's competence to grant interim relief under Section 94(2) in proceedings under Section 11(2). The Court affirmed the balanced interim framework devised by APTEL, including provisions for bank guarantees, restitution safeguards, and carrying cost to protect procurers. It also recognised that the interim relief is provisional and adjustable, subject to final adjudication by CERC.

As a result, the interim recovery mechanism will continue to operate pending CERC's final determination. The ruling reinforces the regulatory framework under the Electricity Act, 2003, by recognising CERC's authority to grant interim relief where generators face adverse financial impact due to statutory directions, while maintaining safeguards for procurers through restitutionary measures.

COURT ORDERS

Jharkhand High Court strikes down value-based electricity duty under 2021 amendment

The Jharkhand High Court has invalidated key provisions of the Jharkhand Electricity Duty (1st Amendment) Act, 2021, holding that electricity duty cannot be levied on the basis of “net charges” without amending the charging provision of the parent statute. The Court ruled that the shift from a per-unit levy to a value-based levy was ultra vires the Bihar Electricity Duty Act, 1948, as adopted by the State of Jharkhand.

The challenge was brought by industrial consumers and captive power plants (CPPs), who questioned the legality of Sections 2 and 3 of the 1st Amendment Act notified on 07 July 2021. The amendment replaced the existing per-unit duty structure with a levy ranging from 6% to 15% of “net charges,” including 8% for high-tension industrial consumers below 10 MVA. This resulted in steep duty increases, in some cases exceeding 1,600%.

The amendment inserted a proviso to Section 3(1) of the 1948 Act, enabling the State to alter duty rates and consumer categories through executive notifications by amending the Schedule, without modifying the charging provision itself. The term “net charges” was left undefined in the statute, leading to uncertainty over the inclusion of rebates, surcharges, and other tariff components. Subsequent rules notified in 2022 sought to define “net charges” retrospectively, a move also challenged by the petitioners.

The High Court examined whether a value-based levy could be introduced without amending the charging section, whether the delegation of power to the executive amounted to excessive delegation, and whether retrospective operation of delegated legislation was permissible in fiscal matters.

Allowing the petitions in part, the Court held that the charging provision of the 1948 Act authorises levy of electricity duty only on units of electricity consumed or sold. It struck down Sections 2 and 3 of the 1st Amendment Act, including the substituted Schedule, holding that a Schedule cannot override or alter the charging provision of the parent statute. The Court ruled that the State could not indirectly introduce a value-based levy by amending only the Schedule.

The Court also invalidated the retrospective operation of the Jharkhand Electricity Duty (Amendment) Rules, 2021, holding that delegated legislation cannot operate retrospectively in the absence of express statutory authority.

At the same time, the Court upheld the Jharkhand Electricity Duty (2nd Amendment) Act, 2021, insofar as it levies electricity duty on CPPs at 50 paise per unit under a newly inserted Schedule A. The levy was held to be reasonable, prospective from 17 February 2022, and consistent with comparable levies in neighbouring States.

On relief, the Court directed that excess payments made under the invalidated 1st Amendment Act be adjusted against future liability. For industrial consumers, such adjustment is to be reflected in future bills, with distribution licensees entitled to recover the corresponding amounts from the State.
The judgment reinforces the principle that the basis of a tax levy cannot be altered without amending the charging provision, affirms limits on delegated legislation in fiscal matters, and provides significant relief to energy-intensive industries and CPPs in Jharkhand.

COURT ORDERS

Delhi High Court rejects interim injunction in JLT Energy solar SPA dispute

The Delhi High Court has declined to grant a prohibitory injunction sought by JLT Energy 9 SAS, a French renewable energy company, holding that the Securities Purchase Agreements (SPAs) for solar power projects in Tamil Nadu and Bihar had automatically terminated due to non-fulfilment of agreed Conditions Precedent.

JLT Energy 9 SAS and the respondents entered into two SPAs dated 31 December 2024 for the acquisition of solar power projects in Tamil Nadu and Bihar. The two SPAs were intrinsically linked, with the closing of the Tamil Nadu SPA constituting a Condition Precedent to the closing of the Bihar SPA. Clause 5 of the Tamil Nadu SPA made completion subject to fulfilment of specified Conditions Precedent, while Clause 11 of Schedule VII required the respondents to obtain a "NA Conversion Condition", defined as a definitive order converting the project land from agricultural to non-agricultural use.

Clause 5.6 of the SPA contained a self-collapsing mechanism, providing that if the Conditions Precedent were not fulfilled to the purchaser's satisfaction by the Closing Long Stop Date (CLSD), the agreement would automatically terminate. The original CLSD of 30 April 2025 was mutually extended to 31 May 2025. The NA Conversion Condition remained unfulfilled by this date.

Following this, the petitioner invoked arbitration under the Singapore International Arbitration Centre (SIAC) Rules and obtained an Emergency Interim Award on 27–28 August 2025. In parallel, the petitioner approached the Delhi High Court under Section 9 of the Arbitration and Conciliation Act, 1996 (Act), seeking interim protection to restrain the respondents from creating third-party rights in the assets and securities of respondent nos. 3 and 4 relating to the solar projects in Tamil Nadu and Bihar.

The petitioner contended that the NA Conversion Condition had been converted from a Condition Precedent into a Condition Subsequent through a meeting held on 30 January 2025 and a draft amendment dated 03 June 2025. In the alternative, it argued that the non-fulfilment of the condition was attributable to the respondents' fault, and that the respondents could not be permitted to benefit from their own wrong.

The Court rejected these submissions and dismissed the main prayer for an injunction. It held that the SPA had automatically terminated on 31 May 2025 due to non-fulfilment of the Conditions Precedent. The Court found no merit in the argument that the Condition Precedent had been converted into a Condition Subsequent, noting that Clause 17.5 of the SPA expressly required any amendment to be in writing and duly signed by all parties. The draft amendment relied upon by the petitioner was unsigned, undated, and expressly marked as "Draft for discussion purposes only".

Emphasising strict contractual interpretation, the Court held that email correspondence or expressions of willingness to sign did not amount to a valid amendment under the SPA. On the issue of fault, the Court observed that Clause 5.6 contained no carve-out for non-fulfilment caused by a party's conduct. The clause operated automatically upon failure to achieve satisfaction by the cut-off date, and reading an exception into it would amount to rewriting the contract.

The Court further held that specific performance was not available, as the contract had already terminated. It also noted that the Court could not compel government authorities, who were not parties to the contract, to grant the land use conversion approval required to satisfy the condition.

However, taking note of the petitioner's claim that it had incurred substantial costs in maintaining a credit line for the transaction, the Court directed the respondents to deposit a lump sum of Rs 3,00,00,000 or furnish a bank guarantee of an equivalent amount with the Arbitral Tribunal within 15 days, to secure the petitioner's interest in relation to damages. The cross-petition filed by the respondents was dismissed as infructuous.

The ruling underscores judicial restraint in commercial disputes involving sophisticated parties. It affirms that automatic termination clauses will be enforced as written, that contractual amendment procedures cannot be bypassed through informal exchanges, and that courts will not grant specific performance where contractual completion depends on discretionary government approvals.

Delhi High Court curbs Electricity Ombudsman's jurisdiction in connection disputes

The Delhi High Court has held that electricity regulatory authorities cannot adjudicate disputes relating to ownership or possession of immovable property while deciding electricity connection–related grievances, reinforcing jurisdictional limits for consumer forums and ombudsmen.

The dispute arose from competing claims over an industrial electricity connection, where private parties relied on property and contractual documents to assert entitlement. While the Electricity Consumer Grievance Redressal Forum (ECGRF) declined to interfere, citing lack of jurisdiction over property matters, the Electricity Ombudsman reversed this view by invoking Regulation 10(3) of the Delhi Electricity Regulatory Commission (DERC) Supply Code, 2017, and applied Section 201 of the Indian Contract Act, 1872, to hold that a General Power of Attorney (GPA) stood extinguished upon the death of the principal.

The High Court found this approach legally flawed. It held that the Ombudsman had exceeded its jurisdiction by effectively determining questions of possession and property rights under the guise of an electricity dispute.

The Court further ruled that Section 201 of the Indian Contract Act could not be applied in isolation and that Sections 202 and 209, which protect agencies coupled with interest, were required to be considered.

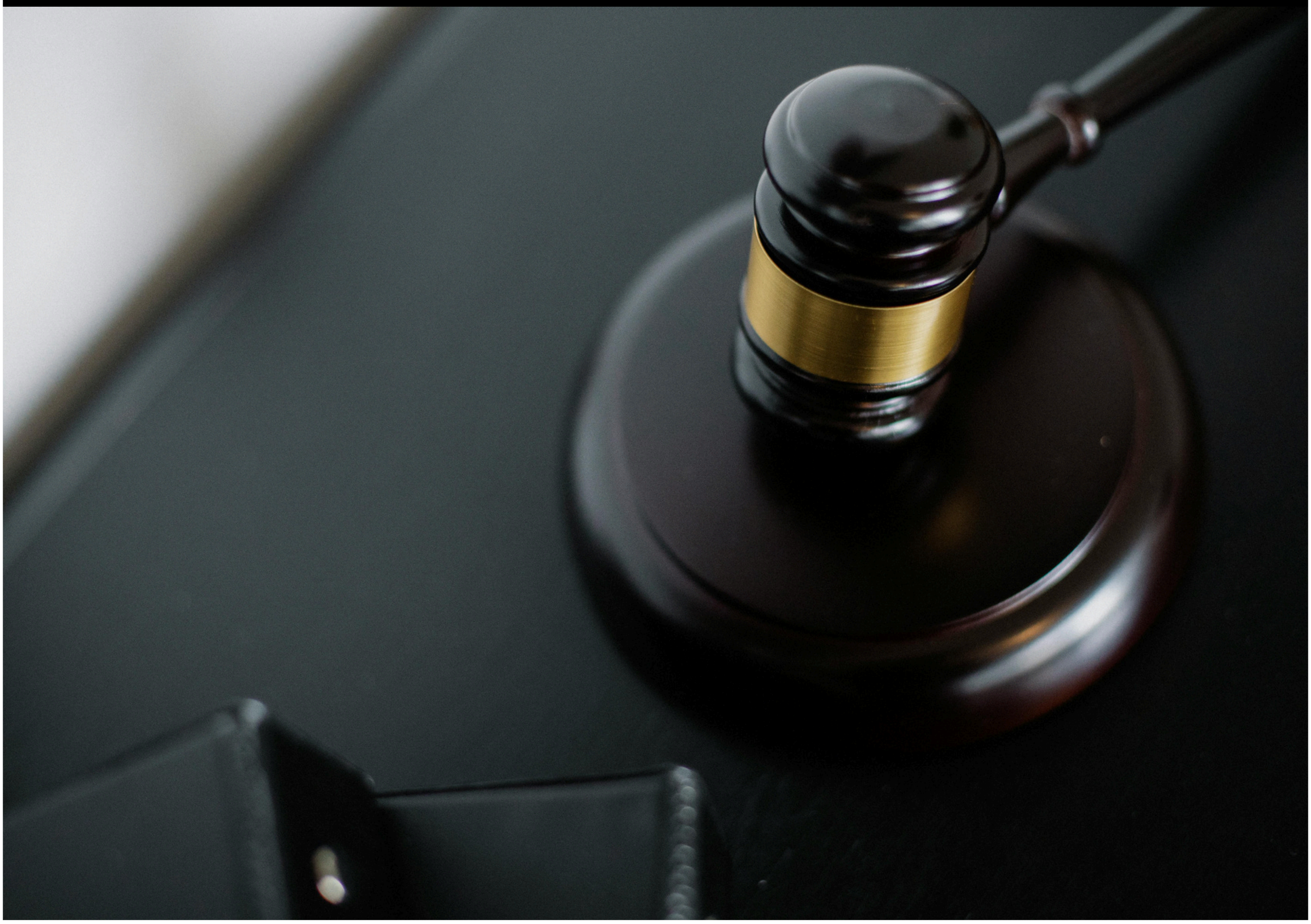
Relying on the Supreme Court's decision in P. Seshareddy v. State of Karnataka (2022), the Court reiterated that a GPA coupled with interest does not automatically terminate upon the death of the principal and that statutory authorities cannot disregard vested contractual interests while exercising regulatory powers.

Setting aside the Ombudsman's order, the Court remanded the matter for fresh consideration in accordance with law and directed that the existing interim electricity arrangement shall continue, subject to payment of regular consumption charges.

The ruling clearly delineates the boundary between civil courts and electricity regulatory forums, clarifying that supply codes and connection-related proceedings cannot be used to indirectly adjudicate contested property rights.

Tribunal Decree

APTEL's Rulings



APTEL orders tariff relief for NTPC, sets aside CERC denial

The Appellate Tribunal for Electricity (APTEL) has overturned a regulatory order and directed the Central Electricity Regulatory Commission (CERC) to grant tariff relief to NTPC Limited for four thermal power stations affected by domestic coal shortages. The Tribunal held that CERC had wrongly refused to exercise its power to relax the Normative Annual Plant Availability Factor (NAPAF).

Background of the dispute

In a judgment dated 13 January 2026, the bench of Technical Member Seema Gupta and Judicial Member Virender Bhat allowed NTPC's Appeal No. 399 of 2019. The Tribunal set aside CERC's order dated 28 August 2019 and held that NTPC is entitled to relaxation in the applicable NAPAF for the period from 01 April 2017 to 31 March 2019.

NTPC had approached CERC seeking reduction of the target NAPAF from 85% for its Mouda Stage I and II, Solapur, and Simhadri Stage I thermal power stations. It argued that the plants could not meet the target availability due to sustained shortfall in domestic coal supply from Coal India Limited and its subsidiaries.

The generator also relied on government level directions, including minutes of meetings held in 2015 and 2017, which advised public sector undertakings to minimise and eventually eliminate coal imports. NTPC claimed these circumstances amounted to force majeure or change in law, justifying regulatory relief.

CERC rejected the petition, holding that fuel arrangement was the responsibility of the generator and that the consequences of shortfall could not be shifted to beneficiary distribution companies. NTPC challenged this finding before APTEL.

Tribunal's analysis

The Tribunal examined two key issues. The first was whether the government advisories on coal imports qualified as force majeure or change in law. On this point, APTEL agreed with CERC. It held that the minutes of meetings cited by NTPC were administrative in nature and did not have the force of law required to qualify as a change in law under the tariff regulations. It also noted that NTPC had not fully utilised the coal import limits earlier permitted by the Central Electricity Authority.

The second issue concerned whether the prevailing coal shortage warranted relaxation of NAPAF. On this aspect, the Tribunal relied heavily on its own earlier judgment in the Vallur case, Appeal No. 318 of 2019. That case involved a similar coal shortage affecting NTPC's plant availability. Applying the principle of stare decisis, the Tribunal held that the factual and legal matrix in the present case was materially identical. In the Vallur matter, APTEL had held that CERC should have continued an earlier relaxation reducing NAPAF from 85% to 83%, as the coal supply situation had not improved and no mandated review had been undertaken.

Final ruling

Following the Vallur precedent, APTEL held that CERC had erroneously refused to invoke its power to relax. It directed CERC to reduce the applicable NAPAF from 85% to 83% for the four NTPC power stations for the financial years 2017–18 and 2018–19, solely for computation of fixed charges.

The Tribunal clarified that NTPC was not entitled to have its actual availability treated as the normative benchmark. The relief was limited strictly to the reduction of NAPAF to 83%, in line with the earlier judgment. The appeal was allowed to this extent, and all pending applications were disposed of accordingly.

TRIBUNAL DECREE

APTEL upholds PSERC decision cutting Mokia Green Energy solar tariff

The Appellate Tribunal for Electricity (APTEL) has dismissed an appeal by Mokia Green Energy Pvt. Ltd., upholding a Punjab State Electricity Regulatory Commission (PSERC) decision that reduced the company's solar power tariff. The Tribunal held that the developer had availed accelerated depreciation benefits contrary to its bid undertaking, which justified the tariff reset.

In a judgment dated 08 January 2026, the Tribunal, comprising Chairperson Justice Ramesh Ranganathan and Technical Member Ajay Talegaonkar, ruled against Mokia Green Energy, which operates a 4 MW solar project in Punjab. The appeal challenged PSERC's order of 09 June 2025, which reduced the applicable tariff from Rs 8.59 per unit to Rs 7.71 per unit and raised a recovery demand of about Rs 7.96 crore.

Issue of accelerated depreciation

The core dispute was whether the depreciation claimed by the appellant under the Income Tax Act amounted to accelerated depreciation. The Tribunal examined the statutory framework and held that claiming depreciation at the 80% rate under Section 32(1)(ii) through the Written Down Value method qualified as accelerated depreciation in the regulatory and policy context. This finding rejected the appellant's contention that the benefit claimed was not accelerated depreciation.

The Tribunal distinguished the Supreme Court's judgment in GUVNL vs. EMCO and relied on the later ruling in GUVNL vs. Green Infra to support its conclusion.

Tariff revision and contractual framework

On the second issue, the Tribunal rejected the argument that the Power Purchase Agreement's entire agreement clause barred tariff revision based on the original Request for Proposal. It held that the PPA preamble and the linked Implementation Agreement expressly incorporated the terms of the RfP.

The RfP clearly provided that if a bidder selected based on a normal depreciation tariff later availed accelerated depreciation, the tariff would be revised downward. The Tribunal also held that whether the appellant actually derived a financial tax benefit was irrelevant. The trigger under the contract and regulatory framework was the availment of the benefit, not its monetisation.

Relief on payment withholding

While dismissing the appeal on merits, the Tribunal took note of the operational difficulty caused by Punjab State Power Corporation Limited withholding 100% of the monthly payments. It remanded the matter to PSERC to determine, within two months, a reasonable percentage of the monthly billing amount to be released to the appellant. This was to ensure project continuity while the recovery of the disputed amount proceeds. The appeal and all pending applications were disposed of accordingly.

TRIBUNAL DECREE

APTEL remands KSERC order on tariff for Minar Renewable's small hydro project

The Appellate Tribunal for Electricity (APTEL) has allowed an appeal filed by Minar Renewable Energy Projects Private Limited, setting aside an order of the Kerala State Electricity Regulatory Commission (KSERC) and remanding the matter for fresh determination of generic tariff for the appellant's small hydro power project.

The appeal, numbered 431 of 2019, was decided on 05 January 2026 by a Bench comprising Hon'ble Mr. Virender Bhat, Judicial Member, and Hon'ble Ms. Seema Gupta, Technical Member. The respondents included Kerala State Electricity Board Limited (KSEB), Energy Management Centre, and KSERC.

Minar Renewable Energy Projects Private Limited was the successful bidder for the Pathamkayam Small Hydro Electric Project, enhanced to 8 MW, under the Kerala Small Hydro Power Policy, 2012. The project was synchronised with the grid on 17 March 2017. A Power Purchase Agreement (PPA) was not executed, and the project was paid an interim tariff of Rs 4.65 per unit by KSEB.

The appellant approached KSERC by filing OA No. 8 of 2018 under Section 86(1)(e) of the Electricity Act, 2003, seeking determination of a generic tariff for small hydro projects above 5 MW for FY 2016–17 and subsequent years. However, by order dated 06 September 2019, KSERC proceeded to determine a project-specific tariff for the appellant's project, stating that this approach was adopted in view of a decision of the State Government dated 01 July 2017.

Allowing the appeal, APTEL held that KSERC had acted contrary to its own regulatory framework. The Tribunal examined the KSERC (Renewable Energy) Regulations, 2015, noting that Regulation 20 mandates annual determination of generic tariff for renewable energy projects, while Regulation 22 permits project-specific tariff determination only upon an application by the developer. Since the appellant had not sought a project-specific tariff, KSERC was required to determine a generic tariff as prayed for.

APTEL also rejected KSERC's reliance on the alleged State Government decision of 01 July 2017. Relying on the Supreme Court's ruling in Kerala State Electricity Board Ltd. vs. Jabhua Power Limited & Ors. (2024), the Tribunal reiterated that policy directions issued under Section 108 of the Electricity Act, 2003 are advisory in nature and cannot override or intrude upon the quasi-judicial tariff-determination functions of a State Commission under Section 61 of the Act.

On facts, the Tribunal observed that the minutes of the meeting dated 01 July 2017 merely recorded an intention to issue a policy directive, if required, and that no formal directive under Section 108 had been issued. KSERC's reliance on the said meeting was therefore held to be misplaced. The Tribunal also rejected alternative justifications advanced by KSERC, noting that the impugned order rested solely on the purported State Government decision.

Accordingly, APTEL set aside KSERC's order and remanded the matter with a direction to determine the generic tariff for the appellant's 8 MW small hydro project in accordance with the Kerala Small Hydro Power Policy, 2012 and the KSERC (Renewable Energy) Regulations, 2015. Pending fresh determination, the interim tariff of Rs 4.65 per unit is to continue. KSERC has been directed to complete the exercise within three months from receipt of the judgment.

APTEL upholds KERC finding that rooftop solar PPA had lapsed

The Appellate Tribunal for Electricity (APTEL) has dismissed an appeal by Smt. L. Nagarathna, upholding an order of the Karnataka Electricity Regulatory Commission (KERC) that a Power Purchase Agreement (PPA) for a 1,000 kW rooftop solar project had lapsed due to non-compliance with a key condition attached to regulatory approval.

The appellant had executed a PPA with Bangalore Electricity Supply Company Limited (BESCOM) in December 2015. KERC granted conditional approval on 01 January 2016, requiring submission of proof of availability of 9,700 square metres of roof area within 15 days. The condition was not complied with, and the approval was treated as lapsed in November 2016.

Rejecting the appeal, APTEL held that responsibility for compliance lay with the project developer and that ignorance of the condition could not be pleaded. The Tribunal also noted that the available roof area was below the stipulated requirement.

APTEL ruled that since the conditional approval was never fulfilled, the PPA never came into force, and termination provisions under the agreement did not apply. Finding no infirmity in KERC's order, the appeal was dismissed.

APTEL orders compensation for wrongful denial of open access

The Appellate Tribunal for Electricity (APTEL) has allowed an appeal by JK Minerals, holding that a distribution licensee is liable to compensate a solar generator for energy injected into the grid during a period when Long Term Open Access (LTOA) was wrongfully denied.

In its judgment dated 19 January 2026, APTEL set aside an order of the Madhya Pradesh Electricity Regulatory Commission (MPERC) and directed M.P. Paschim Kshetra Vidyut Vitran Company Ltd. (MPPKVVCL) to compensate the generator for the period from 15 September 2017 to 10 May 2018.

JK Minerals had commissioned a 1 MW solar project and applied for LTOA to supply power to a third-party consumer. MPPKVVCL rejected the application citing network congestion, despite the consumer's undertaking to remain within contract demand. During this period, the generator continued injecting power into the grid.

APTEL held that the discom had unjustly benefited from the injected energy while wrongfully denying LTOA. Applying the doctrine of quasi-contract and the principle against unjust enrichment, the Tribunal ruled that no party can retain a benefit arising from its own wrongful act.

The Tribunal limited compensation to the period after MPERC's wrongful rejection of LTOA and until the generator secured open access for another consumer. It directed payment at the applicable Average Power Purchase Cost (APPC), along with carrying cost at the State Bank of India (SBI) Prime Lending Rate plus 2%. MPERC has been directed to compute the payable amount, with MPPKVVCL required to release payment within the prescribed timeline.

TRIBUNAL DECREE

APTEL upholds transmission charge liability despite force majeure

The Appellate Tribunal for Electricity (APTEL) has dismissed an appeal by Aryan Renewable Energy Pvt. Ltd., upholding an order of the Central Electricity Regulatory Commission (CERC) holding the company liable for transmission and relinquishment charges despite a force majeure event.

In its judgment dated 08 January 2026, APTEL rejected the appeal against CERC's order of 31 October 2017 relating to a proposed 1,200 MW thermal power project in Madhya Pradesh. The project was abandoned after the Central Water Commission denied the required water No Objection Certificate in September 2013. The appellant sought exemption from transmission and relinquishment charges under the force majeure clause of its Bulk Power Transmission Agreement (BPTA).

The Tribunal held that statutory regulations framed under the Electricity Act, 2003 prevail over contractual provisions. It drew a distinction between the grant of long-term access and its actual utilisation, holding that access rights vest upon grant of access and execution of the BPTA, not upon commissioning of the generating project.

APTEL ruled that relinquishment of access, even prior to commercial operation, is covered under Regulation 18(1)(b) of the CERC Connectivity Regulations, 2009. It rejected the argument that force majeure situations fall outside the scope of the regulation, noting that such an exclusion would shift the financial burden of transmission assets onto other system users.

The Tribunal also observed that transmission infrastructure is typically developed in parallel with generation projects and cannot be selectively halted due to individual project failures.

Accordingly, the appeal was dismissed. APTEL clarified that the final quantum of charges would depend on the outcome of pending appeals on the methodology for computing relinquishment charges, while granting liberty to the appellant to approach CERC for parity with similarly placed entities.

CERC Watch

Central Commission Directives

Industry pushes back on CERC proposals to overhaul grid connectivity for renewables

Major private renewable energy developers and state-owned implementing agencies have objected to the Central Electricity Regulatory Commission's staff paper on allocation of transmission connectivity where signing of power purchase and sale agreements is delayed.

The staff paper proposes two alternatives to the existing framework. One option is to grant connectivity only to projects with signed power purchase agreements. The other is to introduce an auction-based mechanism for allocating grid connectivity. CERC has cited underutilisation of transmission infrastructure, noting that about 31.8 GW of renewable capacity with granted connectivity is yet to secure PPAs.

REIAs oppose PPA linked connectivity

Renewable Energy Implementing Agencies, including Solar Energy Corporation of India and NHPC Limited, opposed linking connectivity solely to signed PPAs. They said this would disrupt the current tendering structure, where PPAs with developers are executed only after Power Sale Agreements are signed with state distribution companies.

NHPC warned that without visibility of connectivity at the Letter of Award stage, discoms may hesitate to sign PSAs. This, it said, could lead to circular delays and administrative gridlock.

Developers warn of higher tariffs under auction model

Private developers strongly criticised the proposed auction based allocation of connectivity. Companies such as Adani Green Energy, Jindal India Renewable Energy, and Torrent Green Energy said a dual auction structure, one for project award and another for connectivity, would raise project costs and final tariffs.

Torrent Green Energy cautioned that the approach could result in stranded PPAs without connectivity and stranded connectivity without PPAs, undermining the objective of efficient grid utilisation.

Concerns over exclusion and delays

Industry bodies flagged risks to emerging business models. The Indian Wind Turbine Manufacturers Association said merchant power, captive, and commercial and industrial projects often cannot secure long term PPAs upfront and would be effectively excluded.

The National Solar Energy Federation of India described PPA signing as an administratively fluid process, frequently delayed due to factors outside a developer's control. Making it a prerequisite for connectivity could turn allocation into a bureaucratic race. Tata Power Renewable Energy Limited termed the current transmission underutilisation a temporary issue and argued for better planning and timely grid commissioning rather than a structural overhaul. ACME Solar Holdings warned that auctioning connectivity could favour large, cash rich players and limit competition.

The consultation process closed in late December. CERC is now examining stakeholder submissions before deciding on the final regulatory approach, which could shape the cost structure and pace of future renewable energy deployment in India.

CERC rejects review by power trader, upholds show cause notice for licence revocation

The Central Electricity Regulatory Commission (CERC) has dismissed a review petition filed by Kreate Energy (I) Private Limited (KEIPL), affirming its earlier decision to issue a show cause notice proposing revocation of the company's inter-State electricity trading licence.

The order, dated 21 January 2026, arose from a petition filed by Uttarakhand Power Corporation Limited (UPCL), which alleged prolonged non-payment of dues by KEIPL for power supplied under trading arrangements between 2016 and 2019. In its earlier order, CERC had issued a show cause notice to KEIPL under Section 19 of the Electricity Act, 2003.

The Commission noted KEIPL's admitted and continuing failure to remit outstanding dues, despite repeated assurances. It recorded that KEIPL had received full payment from the power exchange for electricity sold on UPCL's behalf but did not pass on the proceeds. Post-dated cheques were dishonoured due to insufficient funds.

CERC rejected KEIPL's reliance on liquidity stress and delays in recovery from counterparties, holding that timely payment to sellers is a core licence obligation. It also declined the request for arbitration, stating that revocation proceedings are regulatory and not arbitrable.

While dismissing the review, CERC granted KEIPL a final ten-day opportunity to respond to the show cause notice. Proceedings on possible licence revocation will continue thereafter.

CERC grants inter state trading licences to KPI group, approves category changes

The Central Electricity Regulatory Commission (CERC) has granted fresh inter-State electricity trading licences to two KPI group companies and approved category revisions for three other traders. In orders dated January 15 and January 31, CERC proposed granting a Category IV licence to KPI Green Energy Limited and a Category V licence to K.P. Energy Limited. Both companies belong to the same corporate group but applied as separate legal entities. The licences will be confirmed after completion of the public objection period.

In separate orders dated January 28, the Commission approved the upgrade of Elsa Consultancy from Category V to Category IV and Adarsh Stainless Private Limited from Category IV to Category III.

CERC also allowed Statkraft Markets Private Limited to downgrade its licence from Category I to Category V. The company cited adverse market conditions, intense competition, limited growth, and declining trading volumes. While a Category I licence permits trading above 6,000 million units annually, Category V allows up to 500 million units. Statkraft reported a net worth of Rs 4.62 billion, above the Rs 20 million minimum required for Category V.

The Commission recorded compliance with net worth, liquidity, and technical personnel requirements under the 2020 Trading Licence Regulations. In the case of K.P. Energy, CERC relaxed a liquidity ratio requirement citing financial strength. Delays in publishing mandatory public notices were condoned after finding no public prejudice.

CERC adopts tariffs for 600 MW wind and 1.2 GW solar plus storage projects

The Central Electricity Regulatory Commission (CERC) has adopted tariffs for two renewable energy procurement schemes covering 600 MW of wind power and 1.2 GW of solar power integrated with battery energy storage systems (BESS), following competitive bidding under Section 63 of the Electricity Act, 2003.

600 MW wind power projects

In Petition No. 582/AT/2025, CERC adopted tariffs for 312 MW of Inter-State Transmission System (ISTS)–connected wind projects procured by SJVN Limited (SJVN) as intermediary procurer. The bidding process was conducted in accordance with the 2023 guidelines, with the Request for Selection issued on 19 April 2024 and the e-reverse auction held on 17 January 2025.

Tariffs of Rs 3.74 per kWh for 200 MW awarded to NLC India Limited and Rs 3.81 per kWh for 112 MW awarded to Adyant Enersol Private Limited were adopted. CERC directed SJVN to place on record execution of the Power Purchase Agreements (PPAs) and Power Sale Agreements (PSAs).

On SJVN's request for a trading margin of Rs 0.07 per kWh, CERC held that the applicable margin would be governed by the PSAs and the Trading Licence Regulations, with a cap of Rs 0.02 per kWh applying in the absence of the prescribed payment security mechanism.

1.2 GW solar plus storage projects

In Petition No. 310/AT/2025, CERC adopted tariffs for 1.2 GW of ISTS-connected solar projects integrated with BESS, procured by NHPC Limited (NHPC). The bidding process commenced with an RfS issued on 20 September 2024, followed by an e-reverse auction held on 22–23 January 2025.

Discovered tariffs of Rs 3.09 per kWh for 730 MW and Rs 3.10 per kWh for 470 MW were adopted. Letters of Award were issued on 13 March 2025 to multiple bidders, including Onix Renewable Limited, Jindal India Renewable Energy Limited, and NTPC Renewable Energy Limited.

CERC examined the use of a greenshoe option for allocating additional capacity and observed that such a mechanism is not expressly provided for in the central bidding guidelines. While adopting tariffs for the base 1.2 GW capacity, the Commission restricted additional allocation made under the greenshoe option and directed NHPC and all Renewable Energy Implementing Agencies to seek formal clarification from the Ministry of Power on its permissibility for future tenders.

On NHPC's request for a trading margin of Rs 0.07 per kWh, CERC issued directions identical to those in the SJVN case. The Commission reiterated that while tariff adoption under Section 63 is procedural, it retains oversight over compliance with bidding guidelines, contract execution, and implementation issues.

CERC grants transmission licences for renewable evacuation projects across three States

The Central Electricity Regulatory Commission (CERC) has granted transmission licences to four project-specific entities for development of power evacuation and substation augmentation projects in Madhya Pradesh, Andhra Pradesh, and Karnataka.

Madhya Pradesh projects

In Petition No. 860/TL/2025, CERC granted a licence to Rajgarh Neemuch Power Transmission Limited for evacuation of power from the Rajgarh Renewable Energy Zone (1,500 MW) and Neemuch Renewable Energy Zone (1,000 MW). The project was awarded to G R Infraprojects Limited at an annual transmission charge of Rs 3,670.73 million and includes new substation elements and 400 kV transmission lines connecting Pachora, Rajgarh, Neemuch, and Handiya.

In Petition No. 869/TL/2025, a licence was granted to POWERGRID Mandsaur Augmentation Transmission Limited for augmentation of the Mandsaur substation. The project, awarded to Power Grid Corporation of India Limited, carries an annual transmission charge of Rs 446.99 million and aims to facilitate evacuation from upcoming renewable projects.

Andhra Pradesh project

In Petition No. 872/TL/2025, CERC granted a licence to Ananthapuram II Power Transmission Limited for integration of the Ananthapuram II Renewable Energy Zone Phase II (3 GW). The project was awarded to Shivalaya Construction Limited at an annual charge of Rs 3,190.00 million and includes substation augmentation and establishment of a new 765/400 kV substation at Chintamani Hally.

Karnataka project

In Petition No. 857/TL/2025, CERC approved a licence for POWERGRID Davanagere Augmentation Transmission Limited. Awarded to Power Grid Corporation of India Limited at an annual charge of Rs 423.11 million, the project involves strengthening the Davanagere transmission system to enable renewable integration.

All licences are valid for 25 years and are subject to standard conditions, including compliance with Central Electricity Authority regulations, grid codes, and provision of non-discriminatory open access. CERC noted that no public objections were received in any of the four cases.

CERC adopts transmission charge for Kudankulam Units 3 & 4 evacuation

The Central Electricity Regulatory Commission (CERC) has adopted an annual transmission charge of Rs 690.03 million for the inter-State transmission system for evacuation of power from Kudankulam Nuclear Power Plant Units 3 and 4 (2,000 MW). The tariff was discovered through tariff-based competitive bidding. POWERGRID Kudankulam Transmission Limited, the project special purpose vehicle, filed the petition. Power Grid Corporation of India Limited emerged as the successful bidder following an e-reverse auction conducted in November 2024. CERC held that sharing and recovery of the transmission charges will be governed by the CERC Sharing of Inter-State Transmission Charges and Losses Regulations, 2020, with allocation among beneficiaries to be addressed separately during the licence proceedings.

SERC Watch

State Commission Directives

Rajasthan

RERC invites comments on draft demand flexibility regulations

The Rajasthan Electricity Regulatory Commission (RERC) has issued a public notice inviting comments on the draft Rajasthan Electricity Regulatory Commission (Demand Flexibility (DF) and Demand Side Management (DSM)) Regulations, 2026. The notice is dated 28 January 2026. RERC has stated that written comments, in six copies, are required to reach the Receiving Officer of the Commission by 27 February 2026.

In the Explanatory Memorandum, the Commission notes that Rajasthan has emerged as a national leader in renewable energy, particularly solar power. However, this has created operational challenges such as the duck curve, where high solar generation during daytime hours coincides with low demand, followed by sharp demand increases in the evening when solar generation declines. This mismatch results in costly ramping of thermal generation or reliance on short term power procurement.

To address these issues, the draft regulations propose a structured framework for Demand Flexibility and Demand Side Management. The framework is aligned with the state Integrated Clean Energy Policy 2024 and seeks to balance grid operations while improving system economics.

The proposed approach rests on two complementary objectives. The first is load shifting and demand flexibility, aimed at moving consumption from high cost peak periods to low cost, solar rich hours so that surplus renewable energy can be absorbed. The second is energy efficiency, intended to reduce overall electricity demand through efficient technologies and consumer behaviour changes. The Commission states that these measures are expected to lower power procurement costs for distribution companies and, in turn, reduce tariff pressure on consumers.

Applicability and commencement
The draft regulations are proposed to apply to all distribution licensees operating in Rajasthan. They will come into force upon publication in the state gazette. The Demand Flexibility Portfolio Obligation (DFPO) will be effective from 01 April 2026.

Institutional framework
Each distribution licensee will be required to establish a dedicated DF and DSM Cell. The cell will be headed by an officer of the rank of Chief Engineer. Its responsibilities will include conducting load research, identifying flexible demand potential, and designing and implementing targeted DF and DSM programmes.

Demand flexibility portfolio obligation

The DFPO introduces binding multi year targets for achieving flexible demand, expressed as a percentage of the previous year peak demand. The proposed trajectory begins with 0.25% in FY 2026 to 27, rising to 1.0% in FY 2027 to 28, 1.5% in FY 2028 to 29, and 2.0% in FY 2029 to 30.

The draft provides for both incentives and disincentives linked to performance against the DFPO. Over achievement will attract an incentive of Rs 0.20 crore per MW, while under achievement will result in a disincentive of the same amount per MW.

Programme focus areas and aggregators

The regulations envisage a wide range of DF and DSM programmes. These include time based agricultural pumping, smart electric vehicle charging, behind the meter energy storage, deployment of heat pumps, promotion of efficient appliances, and behavioural interventions. The draft also encourages leveraging schemes such as PM KUSUM to shift agricultural demand to daylight hours.

The concept of aggregators has been introduced to enable bundling of flexible loads from multiple consumers, such as electric vehicle fleets, for coordinated participation in demand flexibility programmes.

Cost effectiveness and evaluation

Every DF and DSM programme will be required to undergo cost effectiveness assessment. The Total Resource Cost Test will be the primary criterion to establish net social benefit. The Ratepayer Impact Measure Test will be used to assess the impact on non participating consumers. Where the Ratepayer Impact Measure is negative but tariff impact is marginal, the Life cycle Revenue Impact Measure Test may be applied. The Participants Cost Test and the Societal Cost Test will also be submitted for information, though they will not be used for approval decisions.

An independent Evaluation, Measurement and Verification process has been mandated to validate reported demand shifts and efficiency gains. Distribution licensees will be required to empanel Independent Verification Agencies, which will follow the International Performance Measurement and Verification Protocol (IPMVP).

Funding, recovery, and oversight

Justified costs incurred on DF and DSM programmes may be recovered by distribution licensees through their Multi Year Tariff and Annual Revenue Requirement filings, subject to prudence checks by the Commission.
The draft also provides for the constitution of a DF and DSM Consultation Committee, which may function as a technical advisory body to the Commission.

Disclosure and data protection

Distribution licensees will be required to publish annual reports covering load research findings, appliance saturation levels, DF and DSM portfolios, implementation status, and Evaluation, Measurement and Verification outcomes. These disclosures will be subject to data privacy safeguards in line with the Digital Personal Data Protection Act, 2023.

RERC notifies second amendment to Electricity Supply Code Regulations

The Rajasthan Electricity Regulatory Commission (RERC) has notified the Rajasthan Electricity Regulatory Commission (Electricity Supply Code and Connected Matters) (Second Amendment) Regulations, 2025. The regulations were published in the Rajasthan state official gazette on 28 January 2026 and came into force from the same date.

The amendment introduces changes relating to recovery of dues from permanently disconnected connections, timelines for seeking reconnection, and the introduction of a new schedule prescribing standardised connection charges for premises located close to existing distribution networks.

Recovery of dues and reconnection timelines

A new sub-regulation 11.7(d) provides that outstanding dues against a permanently disconnected connection may be recovered from any other existing or new electricity connection in the name of the same owner or occupier. Such recovery is subject to issuance of a 30-day notice by the distribution licensee, an opportunity for personal hearing and written submission, and the passing of a reasoned speaking order. No recovery action or disconnection of any other connection is permitted without such an order. Aggrieved consumers may approach the appropriate consumer grievance redressal forum.

Sub-regulation 11.8(b) specifies timelines for considering applications for restoration of disconnected supply. For agriculture consumers, the timeline will be as per the State Agriculture Policy. For High Tension (HT) and Extra High Tension (EHT) consumers, applications may be considered within two years from the date of disconnection. For all other consumers, the period is five years. After expiry of these periods, the connection will be treated as permanently disconnected and a fresh application will be required. A proviso to sub-regulation 11.8(d) clarifies that an applicant seeking reconnection will be treated as a new consumer after one year in the case of HT or EHT supply, and after two years in other cases, where the distribution licensee has removed the line material. In such cases, the applicant will be required to bear the cost of the line and associated plant.

Standardised connection charges under Schedule I-2A

The amendment introduces a new Schedule I-2A prescribing standardised connection charges for applicants whose premises are located near an existing 24-hour three-phase Low Tension (LT) network.

The schedule applies to domestic and non-domestic applicants located within 300 metres of the existing network, and to industrial and mixed-load applicants within 200 metres. The sanctioned load under this category is capped at 150 kW.

Separate charge structures have been specified for overhead line and underground line connections. Charges vary by consumer category, sanctioned load, and contract demand, with fixed base charges and incremental charges per kW beyond specified thresholds.

The standardised charges will not apply to premises beyond the prescribed distance limits, to connections exceeding 150 kW, or to premises in colonies developed by a developer or khatedar where pro-rata charges are recoverable under regulation 7.6. The schedule also excludes multi-storey buildings where electrification is mandatory under regulation 7.5(i), private industrial areas governed by separate electrification provisions, cases requiring HT supply where connected load exceeds 112 kW or contract demand exceeds 50 kVA, and specified multi-storey building configurations with higher assessed demand.

Changes to schedule headings and extension charges
The amendment revises the heading of Schedule I-2.1 to clarify that it applies to applicants not covered under Schedule I-2A. The heading of Schedule I-2.2 has also been modified to specify that it relates to additional amounts payable for extension of distribution mains or supply lines for applicants outside the standardised connection charge framework. Schedule I-2.2(a), applicable to LT supply, has been amended to specify charges for extension of distribution mains and service lines beyond the 300-metre or 200-metre limits applicable to applicants not covered under Schedule I-2A.

RERC finalises procedure for intra state transmission connectivity

The Rajasthan Electricity Regulatory Commission (RERC) has approved the final Procedure for Grant of Connectivity to the Intra State Transmission System under the Rajasthan Electricity Grid Code Regulations, 2024. The procedure will come into force on 01 February 2026.

The Order was issued on 27 January 2026, following a hearing on 11 December 2025. The procedure was submitted by the State Transmission Utility, Rajasthan Rajya Vidyut Prasaran Nigam Limited (RVPN).

The procedure applies to generating stations, licensees, and Open Access consumers who are not consumers of a distribution licensee. Bulk consumers of Rajasthan Discoms are not required to apply separately for transmission connectivity.

Grid connectivity charges will be based on the actual bay cost for non renewable projects. For renewable energy projects, charges will be as per applicable RERC regulations or the Rajasthan Integrated Clean Energy Policy, 2024.

Applicants are required to submit a Bank Guarantee within 30 days of final approval. Delays attributable

to the applicant will attract a penalty of 12% per annum, capped at the Bank Guarantee amount. Connectivity must be utilised within three years from approval, or within two years for projects set up after 21 August 2025, failing which approval may be cancelled.

Connectivity is non transferable. Relinquishment is permitted, but grid connectivity charges for surrendered capacity will be forfeited. The procedure provides a two stage approval process covering preliminary and final approval.

RERC adopts tariff for 1,000 MW / 2,000 MWh standalone BESS under VGF scheme

The Rajasthan Electricity Regulatory Commission (RERC), by an order dated 12 January 2026, adopted the tariff discovered for setting up 1,000 MW / 2,000 MWh of standalone Battery Energy Storage Systems (BESS) in Rajasthan under a Viability Gap Funding (VGF) scheme.

The order was passed in Petition No. 2,372 of 2025 filed by Rajasthan Rajya Vidyut Utpadan Nigam Limited (RVUNL) under Section 63 of the Electricity Act, 2003. RVUNL was designated as the BESS implementing agency by the state government and conducted the bidding on a build-own-operate basis.

The request for selection was issued on 16 June 2025. Of the 50 bidders who participated, 48 were found techno-commercially qualified. An electronic reverse auction was conducted on 01 October 2025, resulting in the selection of 11 bidders.

While examining the petition, RERC considered compliance with the transparency and competitiveness requirements under Section 63 of the Act. On tariff reasonableness, RERC observed that the discovered capacity charges ranged from Rs 1,77,500 to Rs 1,78,500 per MW per month. These were compared with recent standalone BESS bids by other entities, where tariffs ranged from Rs 2,16,000 to Rs 2,24,000 per MW per month. RERC held that the discovered tariffs were among the lowest and reflective of prevailing market conditions.

RERC also referred to the role of BESS in grid stability and renewable energy integration, and cited the Energy Storage Obligation trajectory specified under the RERC Renewable Purchase Obligation Regulations, 2023, in support of the procurement.

Under the adopted tariff, 500 MW / 1,000 MWh was awarded at a capacity charge of Rs 1,77,500 per MW per month, 350 MW / 700 MWh at Rs 1,78,000 per MW per month, and the remaining 150 MW / 300 MWh at Rs 1,78,500 per MW per month, across 11 successful bidders.

RERC directed RVUNL to disclose the names of the successful bidders and their quoted tariffs on its website for 30 days after execution of the Battery Energy Storage Purchase Agreements, and to submit copies of the executed agreements to the Commission for record. With these directions, the petition was disposed of.

Gujarat

GERC extends evacuation and commissioning timelines across solar, wind and hybrid projects

The Gujarat Electricity Regulatory Commission (GERC) has partially allowed petitions filed by Gujarat Energy Transmission Corporation Limited to amend its 2024 tariff orders for solar, wind, and wind solar hybrid power projects. The orders, issued on 21 January 2026, extend timelines for completing evacuation infrastructure and remove ambiguities around project commissioning schedules, citing widespread implementation difficulties faced by developers.

The Commission modified its earlier tariff orders issued in 2024 for solar, wind, and hybrid projects after concluding that compressed timelines for building transmission lines, bays, and metering systems were leading to non compliance and potential project cancellations.

GETCO approached the Commission through separate petitions for solar, wind, and wind solar hybrid projects, arguing that the timelines introduced in the 2024 tariff orders were significantly shorter than those under earlier frameworks. According to GETCO, developers were struggling due to right of way issues, supply chain constraints, and delays in statutory clearances.

Following GERC's directions, GETCO conducted public consultations. Distribution companies, renewable energy developers, and industry associations participated as respondents and objectors. While most stakeholders supported timeline extensions, some raised objections on jurisdiction and the Commission's composition.

Extended evacuation infrastructure timelines

After examining submissions, the Commission decided to revert to longer, capacity linked timelines for commissioning the complete evacuation system, Projects up to 100 MW will now have 1.5 years from the date of transmission capacity allotment, instead of 12 months. Projects above 100 MW and up to 200 MW will have 2 years, increased from 15 months. Projects above 200 MW and up to 400 MW will have 2.5 years, increased from 18 months. For projects above 400 MW and up to 1,000 MW, a timeline of 3.5 years has now been explicitly specified.

The Commission noted that these periods reflect ground realities and are closer to timelines allowed under earlier tariff frameworks.

Clear commissioning milestones

GERC also addressed ambiguity in the commissioning clauses across the 2024 orders. It removed the phrase linking commissioning to evacuation timelines on a whichever is earlier basis.
The Commission clarified that developers are required to commission at least 10% of project capacity within one month from the date the evacuation line is charged. The balance 90% must be commissioned within one year from that date. Failure to meet these milestones will attract consequences already provided in the tariff orders, including payment of long term transmission charges or cancellation of connectivity for uncommissioned capacity.

Applicability and limits

The amended timelines will apply to projects that were granted connectivity before 21 January 2026 and are still under implementation, provided their connectivity has not already been cancelled. The actions already completed under the original 2024 orders, including cancellation of connectivity or encashment of bank guarantees by GETCO or DISCOMs, will not be reopened. Cases already decided by the Commission on this issue will also remain unaffected.

Issues rejected by the Commission

The Commission declined to accept requests for additional differentiation, such as voltage wise timelines, separate schedules for different substation technologies, special treatment for hybrid projects beyond the revised timelines, or a formal charge based extension mechanism. It observed that developers continue to have the option of approaching the Commission for case specific relief where delays are caused by unforeseen circumstances.

GERC also rejected objections relating to its authority to amend the tariff orders and the absence of a Judicial Member on the bench. It held that tariff determination is a continuous regulatory function and that the proceedings were regulatory, not adjudicatory, in nature.

GERC approves GUVNL's short-term power procurement of up to 1,300 MW

The Gujarat Electricity Regulatory Commission (GERC), by an order dated 08 January 2026 in Petition No. 2,597 of 2025, approved short-term power procurement of up to 1,300 MW by Gujarat Urja Vikas Nigam Limited (GUVNL) to address anticipated peak deficits between January and April 2026. GERC directed GUVNL to execute power purchase agreements with successful bidders at the discovered tariffs and approved quantities.

GUVNL submitted that it may face peak deficits of up to 3,800 MW between January and June 2026 due to rising demand and variability from its renewable energy portfolio of 12,698 MW. To ensure grid reliability and reduce exposure to volatile exchange prices, GUVNL issued a request for proposal on 06 December 2025 for short-term procurement of 500 MW of round-the-clock power and 500–800 MW of peak-hour power for the period from 01 January to 30 June 2026.

Bids were invited through the DEEP portal. All 10 bidders were found technically qualified. Financial bids were opened and an e-reverse auction was conducted on 16 December 2025. GERC held that the bidding process complied with Ministry of Power guidelines and applicable GERC regulations.

For round-the-clock supply, GUVNL was permitted to procure 500 MW in January 2026 at Rs 4.66 per kWh, 500 MW in February 2026 at Rs 4.62 per kWh, and 450 MW in April 2026 at Rs 6.40 per kWh. For peak-hour supply, procurement of 800 MW in January 2026 and 770 MW in February 2026 at Rs 9.10 per kWh, and 500 MW in March 2026 at Rs 9.00 per kWh was approved.

Tamil Nadu

TNERC adopts tariff for TNPDCL's short-term power procurement for February–May 2026

The Tamil Nadu Electricity Regulatory Commission (TNERC) has approved short-term procurement of power by the Tamil Nadu Power Distribution Corporation Limited (TNPDCL) for the period up to 15 May 2026. TNERC directed that procurement be undertaken through the Discovery of Efficient Electricity Portal (DEEP) under the short-term procurement framework, covering contracts of more than one day and up to one year, through tariff-based competitive bidding.

For February 2026, TNPDCL has been permitted to procure 420 MW of round-the-clock power at Rs 5.40 per kWh and 269 MW of peak-hour power at Rs 8.49 per kWh.

For March 2026, TNERC approved procurement of 862 MW of round-the-clock power at Rs 5.42 per kWh and 568 MW of peak-hour power at Rs 8.90 per kWh.

For April 2026, procurement of 627 MW of round-the-clock power at Rs 6.35 per kWh and 376 MW of peak-hour power at Rs 9.50 per kWh was approved.

For the period from 01 May to 15 May 2026, TNPDCL has been permitted to procure 567 MW of round-the-clock power at Rs 6.35 per kWh and 340 MW of peak-hour power at Rs 9.50 per kWh.

TNERC communicates Q2 FY 2025–26 subsidy reconciliation to TANGEDCO

The Tamil Nadu Electricity Regulatory Commission (TNERC) has communicated the subsidy reconciliation details for the second quarter of FY 2025–26 to the state utility.

In a letter dated 07 January 2026, the Secretary (in charge) of TNERC directed Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) to adjust a net excess subsidy of Rs 3.89 crore, subject to finalisation of the annual true-up for all quarters at the end of the financial year.

The communication refers to earlier tariff and subsidy orders, including Tariff Order No. 3 of 2025 and Additional Subsidy Order No. 8 of 2025, along with related correspondence from TANGEDCO and the state government.

As per the reconciliation statement, additional subsidy payable across certain consumer categories aggregated to Rs 12.66 crore, while excess subsidy recoverable from other categories totalled Rs 16.55 crore. The additional subsidy payable primarily related to common supply, public worship, High Tension lift irrigation, time-of-day charges, network charges, and select Low Tension consumer categories. Excess subsidy recoverable was largely attributable to domestic consumers, agricultural consumers including special farm service categories, and powerloom and handloom consumers.

After netting the two amounts, TNERC determined an excess subsidy of Rs 3.89 crore for adjustment, calculated as the difference between recoverable and payable subsidy amounts.

TNERC quashes TANGEDCO's demand on solar captive adjustment charges

The Tamil Nadu Electricity Regulatory Commission (TNERC), by an order dated 22 January 2026, ruled in favour of M/s Sakthi Murugan Agro Foods Private Limited and set aside a demand notice and consequential bill issued by Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) seeking recovery of adjustment charges amounting to Rs 1.27 crore.

The order was passed in Dispute Resolution Petition No. 17 of 2024. The petitioner had challenged TANGEDCO's demand notice dated 18 June 2024 and the associated current consumption bill dated 07 August 2024, which related to adjustment charges initially quantified at Rs 1.26 crore and later revised to Rs 1.27 crore for solar energy adjusted for captive consumption.

Background

The petitioner operates a 1 MW solar power plant commissioned on 12 January 2015. An energy wheeling agreement (EWA) was executed with TANGEDCO on the same date for a period of five years, under which energy was wheeled to the petitioner's captive high tension consumer upon payment of applicable open access charges.

The petitioner applied for extension of the EWA in September 2021. TANGEDCO approved the extension on 05 October 2021, and a supplemental EWA was executed on 06 October 2021. Clause 11 of the supplemental agreement provided that the validity of the EWA would extend up to 25 years from the date of commissioning of the solar plant.

Subsequently, based on an audit observation dated 11 May 2022, TANGEDCO issued a show cause notice and later raised a demand on the ground that the original EWA had expired on 11 January 2020 and that energy adjustments made between 12 January 2020 and 31 July 2021 were not valid.

Commission's findings

TNERC rejected TANGEDCO's contention that there was a break in contractual validity. It held that the supplemental EWA validly extended the original agreement, as the 2015 EWA expressly permitted extension by mutual consent.

The Commission noted that energy was injected into the grid and adjusted during the disputed period with TANGEDCO's knowledge and consent, and that all applicable open access charges had been recovered.

TNERC observed that reversal of energy adjustments solely on the basis of an audit objection, after having permitted and benefitted from the transactions, was unjustified. It held that audit objections could be sustained only in cases of illegal or unauthorised injection, which was not established in the present case.

On the issue of limitation, the Commission held that Section 56(2) of the Electricity Act, 2003, was not applicable. Instead, the Limitation Act, 1963, applied, with the limitation period commencing from the date of discovery of the alleged mistake. While the demand was within limitation, TNERC held that it failed on merits.

Order

TNERC quashed the demand notice dated 18 June 2024 and the consequential current consumption bill dated 07 August 2024 relating to adjustment charges of Rs 1.27 crore. No order as to costs was made.

Telangana

TERC notifies first amendment to open access regulations

The Telangana Electricity Regulatory Commission (TERC) has notified the Telangana Electricity Regulatory Commission Terms and Conditions of Open Access First Amendment Regulation, 2026, issued as Regulation No. 2 of 2026. The amendment was published on 24 January 2026.

The regulation amends the Telangana Electricity Regulatory Commission Terms and Conditions of Open Access Regulation, 2024, notified as Regulation No. 1 of 2024.

The amendment follows a clarification issued by the National Load Despatch Centre (NLDC) on the eligibility of green energy open access (GEOA) generators for Renewable Energy Certificates (RECs) in respect of unutilised or surplus energy injected into the grid during a month. Based on this clarification, the Telangana State Load Despatch Centre (TGSLDC) approached the Commission seeking changes to the existing open access framework.

The amendment also refers to Clause 7.2.(e) of the CERC Procedure for Implementation of REC Mechanism, 2024, issued by the Grid Controller of India.

Amendment to Clause 14.11

Clause 14.11 of the principal regulation has been substituted to provide that any energy injected into the licensee's network from the date of grant of GEOA until the date of submission of the wheeling agreement shall not be eligible for payment of energy charges. Such injected energy will be treated as inadvertent power.

Amendment to Clause 33.5

Clause 33.5 of the principal regulation, which earlier provided for issuance of RECs to the GEOA consumer for unutilised banked energy, has been amended by insertion of a proviso. The proviso clarifies that the Renewable Energy Generating Station will be entitled to RECs to the corresponding extent.

TERC notifies second amendment to regulations on duty to supply electricity

The Telangana Electricity Regulatory Commission (TERC) has notified the Telangana Electricity Regulatory Commission Licensee's Duty for Supply of Electricity on Request (Second Amendment) Regulation, 2026, issued as Regulation No. 01 of 2026. The regulation was published in the Telangana Gazette on 19 January 2026 and came into force on the same date.

The amendment modifies the Licensee's Duty for Supply of Electricity on Request Regulations, 2013, originally notified by the Andhra Pradesh Electricity Regulatory Commission and subsequently adopted for Telangana.

Objective and background

As per the preamble, the amendment aims to simplify and expedite the release of new Low Tension (LT) service connections and sanction of additional loads in electrified areas. TERC stated that the intent is to introduce uniform, objective, and load-based service line charges, thereby avoiding individual site inspections and case-specific cost estimation.

Amendment to service line charges

A new proviso has been inserted under clause 7.1, mandating standardised service line charges, expressed in Rs per kW, for release of new LT connections or additional loads within a distance of 1 km from the existing electrified network where supply requires overhead line extension.

The charges vary by consumer category and contracted load and exclude the cost of terminal arrangements and metering. For LT-I domestic consumers, charges range from Rs 500 for loads up to 1 kW to Rs 10,000 per kW for loads above 20 kW.

For LT-II non-domestic or commercial, LT-VI street lighting and public water supply, and LT-VII general categories, charges range from Rs 1,000 for loads up to 1 kW to Rs 10,000 per kW for loads above 20 kW. LT-III industrial consumers are subject to charges of Rs 4,000 per kW for loads up to 20 kW and Rs 10,000 per kW for loads above 20 kW. LT-IV cottage industries and LT-V agriculture attract charges of Rs 1,000 per kW, with the regulation clarifying that no other related charges shall be levied on agricultural consumers. For LT-IX electric vehicle charging stations, charges range from Rs 1,000 for loads up to 1 kW to Rs 8,000 per kW for loads above 20 kW.

For apartments, commercial complexes, and multi-storied buildings, service line charges will be levied on the combined contracted load, with the distribution licensee bearing transformer costs.

Development charges and transformer costs

Clause 8.3 has been substituted to distinguish between connections covered under the new clause 7.1 proviso and others. Where a dedicated distribution transformer is required and the proviso does not apply, the licensee may recover the full transformer cost but shall not levy development charges.

For connections covered under the proviso, loads up to 20 kW will attract both development charges and service line charges, while loads above 20 kW will attract only service line charges.
Other provisions

The amendment also inserts clauses empowering TERC to issue implementation directions and to amend the regulation from time to time.

Maharashtra

MERC reiterates that net metering and open access can coexist

The Maharashtra Electricity Regulatory Commission (MERC) has reiterated that eligible consumers in Maharashtra may avail net metering and open access simultaneously. In an order dated 1 January 2026 in Case No. 213 of 2025, the Commission ruled in favour of Hatsun Agro Product Limited and directed the Maharashtra State Electricity Distribution Company Limited (MSEDCL) to extend net metering benefits alongside open access supply for the company's rooftop solar project.

MERC held that MSEDCL was not justified in denying net metering benefits and directed the parties to reconcile past billing amounts within 30 days and provide corresponding credit adjustments in subsequent electricity bills. The directions were made subject to the outcome of a separate clarificatory petition filed by MSEDCL in Case No. 232 of 2024.

Hatsun Agro Product Limited operates a dairy plant in Solapur and commissioned a 983 kW rooftop solar system under a net metering arrangement with MSEDCL in 2022. From November 2023, it also began availing short-term open access for power procurement.

MSEDCL billed the consumer on a gross metering basis, relying on the erstwhile eighth proviso to the Distribution Open Access First Amendment Regulations, 2019. Hatsun contended that this proviso had been deleted under the Distribution Open Access Second Amendment Regulations, 2023, notified on 10 November 2023, which introduced Regulation 3.4 expressly permitting the simultaneous operation of net metering and open access.

MERC held that, after 10 November 2023, open access consumers with rooftop solar installations are entitled to net metering adjustments and cannot be billed on a gross metering basis. It rejected MSEDCL's contention relating to Green Energy Open Access, noting that implementation delays could not be used to deny regulatory benefits, and observed that a contrary approach would be discriminatory in light of its earlier order in Case No. 197 of 2024.

The Commission directed the parties to reconcile the billing adjustments within 30 days and required MSEDCL to pass the resulting credit in the next billing cycle with interest at the prevailing bank rate. The order affirms the enforceability of the 2023 open access amendments for consumers combining net metering with open access.

MERC approves Tata Power-D's 250 MW FDRE procurement at Rs 4.43–Rs 4.77 per unit

The Maharashtra Electricity Regulatory Commission (MERC), by an order dated 01 January 2026 in Case No. 228 of 2025, approved procurement of 250 MW of firm and dispatchable renewable energy with energy storage by Tata Power Company Limited – Distribution (Tata Power-D) for a period of 25 years. The Commission adopted tariffs discovered through competitive bidding under Section 63 of the Electricity Act, 2003.

MERC approved tariffs ranging from Rs 4.43 per kWh to Rs 4.77 per kWh at the Maharashtra State Transmission Utility periphery, holding that the bidding process complied with Ministry of Power guidelines, was transparent, and reflected prevailing market conditions for firm renewable power backed by storage.

The procurement was undertaken pursuant to directions in MERC's multi-year tariff order dated 28 March 2025, which recognised the role of firm and dispatchable renewable energy in load balancing and cost optimisation. Tata Power-D issued the tender on 29 April 2025 in accordance with central guidelines for FDRE procurement.

Following an e-reverse auction conducted on 13 August 2025, four bidders were selected. Juniper Green Energy Limited was awarded 70 MW at Rs 4.76 per kWh, Tata Power Renewable Energy Limited 80 MW at Rs 4.77 per kWh, and Navayuga Engineering Company Limited and ACME Solar Holdings Limited 50 MW each at an effective tariff of Rs 4.43 per kWh after adjustment for inter-state transmission charges and losses.

MERC accepted Tata Power-D's submission that the discovered tariffs were aligned with recent national-level FDRE tenders and held them to be reasonable for long-term firm supply with storage. The Commission declined to adjudicate a request by one bidder for tariff revision linked to change in project location, holding that such contractual issues fell outside the scope of a Section 63 tariff adoption petition.

The Commission directed Tata Power-D to execute power purchase agreements with the successful bidders within 30 days and submit copies to MERC for record. Power procured under the approved agreements will qualify towards Tata Power-D's renewable purchase obligation.

MERC approves MSEDCL's 700 MW solar procurement through SECI at Rs 2.63 per kWh

The Maharashtra Electricity Regulatory Commission (MERC), by an order dated 01 January 2026 in Case No. 240 of 2024, approved procurement of 700 MW of solar power by the Maharashtra State Electricity Distribution Company Limited (MSEDCL) through the Solar Energy Corporation of India Limited (SECI) for a period of 25 years at a tariff of Rs 2.63 per kWh, inclusive of a trading margin of Rs 0.07 per kWh.

The Commission also approved the Power Sale Agreement executed between MSEDCL and SECI. The power will be sourced from a solar project being developed by JSW Neo Energy Limited within Maharashtra and connected to the intra-state transmission system.

MSEDCL submitted that the procurement is required to meet its rising renewable purchase obligation under the amended RPO Regulations, 2023, with the RPO trajectory increasing from 29.91% in FY 2024–25 to 43.33% by FY 2029–30. MERC noted that the proposed capacity also addresses past RPO shortfalls.

The tariff comprises a base rate of Rs 2.56 per kWh discovered through competitive bidding conducted by SECI under Ministry of Power guidelines, and a trading margin of Rs 0.07 per kWh. The tariff was adopted by the Central Electricity Regulatory Commission in October 2024. MERC observed that under the Electricity Rules, 2005, its role was limited to approving the procurement decision and associated agreements.

MERC held that the landed tariff of Rs 2.63 per kWh was competitive, significantly lower than MSEDCL's average power purchase cost of Rs 4.82 per kWh for FY 2023–24, and aligned with prevailing national solar procurement trends.

The Commission approved the trading margin payable to SECI, subject to compliance with conditions specified by CERC, including payment security arrangements. It also took note of MSEDCL's planned storage capacity to support grid integration of renewable energy. The petition was allowed, and the approved power will qualify towards MSEDCL's renewable purchase obligation.

MERC rejects Tata Power review plea on Rs 135.28 crore part-load compensation

The Maharashtra Electricity Regulatory Commission (MERC) has dismissed a review petition filed by Tata Power Company Limited – Generation Business (Tata Power Generation), seeking reconsideration of disallowance of a compensation claim of Rs 135.28 crore. The Commission held that non-compliance with the Grid Code's prescribed monthly billing mechanism constituted a substantive failure and not a curable procedural lapse.

The disallowed claim related to compensation for degradation in heat rate, auxiliary consumption, and secondary fuel oil consumption for the period from 16 October 2020 to 15 March 2024. Tata Power Generation attributed the losses to part-load operation and frequent start-stop cycles caused by lower scheduling by beneficiaries and grid security directions issued by the State Load Dispatch Centre. Tata Power Generation contended that it was entitled to compensation under Regulations 34.2 and 34.3 of the MERC State Grid Code Regulations, 2020, and argued that denial of the claim solely due to non-raising of monthly bills was hyper-technical.

It submitted that monthly billing commenced only from April 2024 due to administrative constraints, including disruptions during the COVID-19 period.

Commission's findings

MERC examined the Grid Code provisions, including Regulations 34.3 and 34.6 and the prescribed annexure, and held that the compensation framework requires strict monthly computation, verification by the SLDC, billing of beneficiaries, maintenance of separate accounts, and annual reconciliation. These requirements were held to be integral to the compensation mechanism.

The Commission found that Tata Power Generation had not followed the mandated monthly billing process for over three years, which amounted to a serious regulatory non-compliance. It rejected the contention that the claim could be considered through tariff truing-up, reiterating that the Grid Code compensation mechanism operates independently of MYT truing-up.

Review not maintainable

MERC held that the review petition failed to meet the legal threshold under the Electricity Act, 2003, and the MERC Conduct of Business Regulations. It observed that the petitioner was effectively seeking a re-hearing on merits without establishing any error apparent on the face of the record or discovery of new material.

Outcome

The review petition was dismissed. MERC reiterated that strict adherence to the Grid Code compensation mechanism is mandatory and that post facto claims or tariff truing-up cannot substitute regulatory compliance.

Andhra Pradesh

APERC amends regulations to accelerate clean energy, EV charging, green open access

The Andhra Pradesh Electricity Regulatory Commission (APERC) has issued a set of regulatory amendments and an errata through the Andhra Pradesh Gazette. The changes implement provisions linked to the state's Integrated Clean Energy (ICE) Policy, 2024 and affect rooftop solar, open access, green energy procurement, tariffs, and electric vehicle charging.

An errata has been issued to the First Amendment to the Andhra Pradesh Electricity Regulatory Commission (The Grid Interactive Solar Rooftop Photovoltaic Systems under Net/Gross Metering) Regulation, 2023. The correction substitutes Clauses 16.4 and 16.7 of the principal regulation. Clause 16.4 provides that, for non-Time of Day (ToD) consumers, energy exported from Solar Rooftop Photovoltaic Systems (SRTPVS) is adjusted against consumption from the Distribution Company (DISCOM) on a monthly basis. For a single owner with multiple rooftops within a DISCOM area, combined exports are adjusted against combined consumption. For groups or societies, generation is treated as collective and prorated according to installed capacity shares agreed with the DISCOM. Clause 16.7 specifies that, for ToD consumers, settlement is carried out as illustrated in the annexure to the regulation.

The Commission has also notified the Second Amendment to the Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions of Open Access) Regulation, 2005. An amendment to Clause 9.2 introduces a proviso stating that grid connectivity for Clean Energy Projects during the operative period specified in G.O.Ms.No. 37 shall be based on progress and recommendations of the State Nodal Agency and subject to compliance with Commission regulations. Clause 19.4, relating to energy and demand balancing, has been substituted to set drawal and injection limits linked to sanctioned capacity, Contracted Maximum Demand (CMD), and technical limits. The amendment recognises that Green Energy Open Access consumers may have multiple renewable supply contracts and clarifies that costs for network strengthening or meter changes beyond CMD or technical limits are to be borne by the Open Access user.

A Seventh Amendment has been issued to the Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Wheeling and Retail Sale of Electricity) Regulation, 2005. The amendment introduces a definition for "Charge Point Operator (CPO)" as an individual or entity operating an electric vehicle charging station. Amendments to Clause 20.1 exempt distribution and wheeling charges for eligible Clean Energy and renewable energy manufacturing projects availing Open Access, where injection and drawal occur at the same voltage level within the state. The exempted charges are to be claimed by DISCOMs from the State Government under Section 65 of the Electricity Act, 2003. The regulation also mandates ToD and Dynamic tariff mechanisms for electric vehicle charging stations, as determined in annual Retail Supply Tariff Orders.

The First Amendment to the Solar Rooftop Photovoltaic Systems Regulation revises definitions for Virtual Net Metering and Group Net Metering, detailing energy adjustment sequences, including for ToD tariff slots, and provisions for waiving distribution and wheeling charges when injection and withdrawal are at the same voltage level. A new clause allows Distributed Energy Resource (DER)

Aggregators to assist DISCOMs in promoting rooftop solar, subject to a commercial agreement and a one-time fee approved by the Commission. The amendment introduces capacity limits for different metering arrangements, revises application fees based on system size, and sets out compliance and disconnection provisions for behind-the-meter installations. A repeal and savings clause governs the treatment of existing and under-construction projects and protects existing agreements for their stipulated terms.

The First Amendment to the Andhra Pradesh Electricity Regulatory Commission (Green Energy Open Access, Charges, and Banking) Regulation, 2024 revises the definition of banking to include unutilised green energy carried over within a billing month. It permits electric vehicle charging stations to procure power through Green Energy Open Access (GEOA) generators. The amendment provides surcharge exemptions for specified green hydrogen, renewable manufacturing, and battery manufacturing projects during the policy operative period. Banking provisions establish monthly cycles, specify settlement of unutilised energy at defined rates, cap bankable energy at 30% of monthly DISCOM consumption, and set ToD-based drawal rules. An annual grid study by the Andhra Pradesh State Load Dispatch Centre (APSLDC) is mandated to set a state-level banking limit. The regulation also introduces detailed provisions for standby supply and protects existing GEOA agreements through a savings clause.

In addition, the First Amendment to the Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions for Tariff Determination from Renewable Energy Sources) Regulation, 2025 revises Clause 27 to make the minimum normative Capacity Utilisation Factor (CUF) for small hydro projects project-specific, subject to a floor of 30%. Energy generated in excess of the CUF in a year is to be paid at the tariff applicable for that year.

Bihar

BERC notifies new intra state deviation settlement regulations

The Bihar Electricity Regulatory Commission (BERC) has issued the final BERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2025 on 6 January 2026 after completing a public consultation process. The regulations align Bihar's intra state deviation framework with the Central Electricity Regulatory Commission (CERC) (Deviation Settlement Mechanism and Related Matters) Regulations, 2024. They replace the 2020 regulations and will come into force from 1 June 2026, with a transition period for system and procedural changes.

The Commission initiated the revision following amendments introduced by CERC to its deviation settlement framework. In its Statement of Reasons, BERC said the central regulator had updated commercial principles to reflect recent developments and emerging market realities in the power sector. BERC, therefore, considered it necessary to align the existing intra state regulations with the prevailing central framework. A draft of the regulations was issued for stakeholder comments in August 2025, followed by public hearings in September 2025.

The regulations define their scope of applicability. The Deviation Settlement Mechanism (DSM) will apply to all grid connected state entities, including distribution licensees, deemed licensees, and open access consumers connected to the intra state transmission system. The regulations also apply to renewable energy based generating stations connected to the intra state transmission system with an exportable capacity of 1 MW or more. This reflects partial acceptance of stakeholder comments seeking wider coverage, although the final threshold was set at 1 MW instead of the proposed 5 MW.

BERC has prescribed detailed methodologies for the computation of deviations and associated charges, linked to system frequency and deviation volume. Charges are referenced to a Normal Rate derived from power exchange prices. For example, charges for buyer over drawal during low system frequency can reach 150% or 200% of the Normal Rate, depending on the extent of deviation. The Commission declined requests to lower these penalties, stating that the provisions are consistent with the CERC regulations.

The final regulations incorporate several stakeholder suggestions. A new provision requires adjustment of intra state generator schedules for Secondary Reserve Ancillary Services and Tertiary Reserve Ancillary Services transactions during DSM account preparation. The Commission also accepted the need for an implementation window, noting that the State Load Despatch Centre (SLDC) will need time to configure information technology systems, update procedures, train personnel, and coordinate with stakeholders to avoid billing disputes. In addition, the regulations formalise the role of Qualified Coordinating Agencies (QCAs) for aggregation of renewable energy generators, with specified responsibilities for energy accounting and settlement.

Financial settlement will be managed through a State Deviation Pool Account maintained by the SLDC. Deviation charges are payable within ten days from issuance of the statement, with a late payment surcharge of 0.04% per day. Any surplus in the pool account will be utilised with 50% reimbursed to state entities that paid supplementary charges during the quarter, while the remaining amount will be used for grid improvement and capacity building, subject to Commission approval.

Himachal Pradesh

HPERC proposes generic solar tariff for FY 2026–27

The Himachal Pradesh Electricity Regulatory Commission (HPERC), by an order dated 06 January 2026, proposed the generic levellised tariff for grid-connected solar PV projects for FY 2026–27. The proposal will apply to projects where the power purchase agreement petition is filed between 01 April 2026 and 31 March 2027.

HPERC retained capacity-based categorisation for solar PV projects at a single site, covering projects up to 1 MW, above 1 MW and up to 3 MW, and above 3 MW and up to 5 MW. Projects above 5 MW are proposed to be procured through competitive bidding. The Commission also proposed a separate tariff category for projects located in notified urban or industrial areas.

The proposed tariff is based on a normative capital cost ranging from Rs 335.79 lakh per MW to Rs 360.46 lakh per MW, depending on project size and location. Operation and maintenance expenses have been fixed at Rs 10.96 lakh per MW for FY 2026–27, with a capacity utilisation factor of 21%. Tariff computation is based on a single-part levellised structure, with a debt-equity ratio of 70:30, return on equity of 14%, and an interest rate on loan of 10.80% per annum.

HPERC proposed generic levellised tariffs in the range of Rs 3.34 to Rs 3.52 per kWh, excluding any capital subsidy or grant. The Commission clarified that the proposed tariff will not apply to power procured through the Solar Energy Corporation of India Limited, projects selected through competitive bidding under Section 63 of the Electricity Act, 2003, or projects covered under net metering.

HPERC proposes revised DSM volume limits for buyers

The Himachal Pradesh Electricity Regulatory Commission (HPERC) has issued a draft notification proposing the third amendment to its Deviation Settlement Mechanism (DSM) Regulations.

The proposal seeks to amend the HPERC Deviation Settlement Mechanism and Related Matters Regulations, 2024, by revising Regulation 7(3), which specifies Volume Limits for Buyers (VLB). The existing note under Regulation 7(3) is proposed to be substituted with a new structure that differentiates limits based on the buyer's scheduled volume.

For buyers with a schedule of up to 400 MW, the draft provides for two deviation bands. VLB 1 will apply to deviation up to 20% of DBUY or 40 MW, whichever is lower. VLB 2 will apply to deviation beyond 20% of DBUY or 40 MW, whichever is lower.

For buyers with a schedule above 400 MW, three deviation bands have been proposed. VLB 1 will apply to deviation up to 10% of DBUY or 100 MW, whichever is lower. VLB 2 will apply to deviation beyond 10% of DBUY or 100 MW and up to 15% of DBUY or 200 MW, whichever is lower. VLB 3 will apply to deviation beyond 15% of DBUY or 200 MW, whichever is lower.

HPERC stated that the amendment aims to rationalise deviation limits after reviewing the impact of existing provisions and considering seasonal variations in generation, particularly during summer and monsoon months, in the state's hydro based system.

Uttar Pradesh

UPERC amends transmission MYT norms, cuts R&M expense cap to 1.5% of GFA

The Uttar Pradesh Electricity Regulatory Commission (UPERC) has amended its Multi Year Tariff framework for the state transmission sector by revising the normative ceiling for repairs and maintenance (R&M) expenses. The First Amendment to the UPERC Multi Year Tariff for Transmission Regulations, 2025 was notified on 13 January 2026 and takes effect from 01 April 2025.

Under the amendment, the R&M expense cap has been reduced from 2% to 1.5% of the opening Gross Fixed Assets (GFA).

The revision arose during tariff proceedings initiated on a petition filed by Uttar Pradesh Power Transmission Corporation Limited (UPPTCL). During the prudence check, UPERC noted that UPPTCL had reclassified a significant portion of contractual manpower costs from the R&M head to employee expenses in its audited accounts for FY 2024–25 and subsequent years.

This reclassification reduced the historical R&M cost base by about 23% to 25%, rendering the existing 2% of GFA norm disproportionately high in relation to the revised cost structure.

In its Statement of Reasons, UPERC observed that while employee cost norms had been recalibrated using revised data and indexed to inflation, the R&M norm required independent adjustment. The Commission held that a normative factor of 1.5% of GFA was more appropriate and reflective of actual expenditure patterns.

UPERC noted that even under the revised norm, the allowed R&M expenses would remain around Rs 59 crore higher than a simple inflation-based projection, providing sufficient headroom for maintenance of the state's transmission network across voltage levels.

The amendment formalises a direction already issued in UPERC's transmission tariff order dated 08 September 2025. The revised R&M norm will apply for the balance of the current control period, from FY 2025–26 to FY 2029–30.

UPERC stated that the revision balances consumer interest with the need to ensure adequate financial provision for network reliability and maintenance.

UPERC approves 2,750 MW pumped storage procurement by UPPCL

The Uttar Pradesh Electricity Regulatory Commission (UPERC) has approved two long-term pumped hydro storage power procurement agreements executed by Uttar Pradesh Power Corporation Limited (UPPCL) with special purpose vehicles of the Adani Group and JSW Energy, covering a combined capacity of 2,750 MW for a period of 40 years.

Through an order dated 09 January 2026, UPERC approved procurement of 1,250 MW from Adani Hydro Energy Five Limited at a tariff of Rs 76,53,226 per MW per annum, exclusive of goods and services tax, based on a declared cycle loss of 24%. In a separate order dated 04 December 2025, the Commission approved procurement of 1,500 MW from JSW Energy PSP Six Limited at a tariff of Rs 77,15,447 per MW per annum, exclusive of goods and services tax, based on a declared cycle loss of 23%.

In both cases, UPERC directed amendments to the executed agreements, including alignment of pumping energy cost with the UPERC-approved average power purchase cost of solar power and correction of the change-in-law trigger date to the bid submission deadline of 11 October 2024. The parties have been directed to execute supplementary agreements reflecting these changes.

UPERC noted that the pumped storage capacity is required to support grid balancing and enable compliance with Uttar Pradesh’s rising renewable purchase obligation, which increases to 43.33% by FY 2029–30. The Commission accepted this rationale while granting approval to both long-term agreements.

Mirzapur thermal PSA adopted with conditional tariff of Rs 5.383 per kWh

The Uttar Pradesh Electricity Regulatory Commission (UPERC) adopted a discovered tariff of Rs 5.383 per kWh for a 25-year power supply agreement with Mirzapur Thermal Energy UP Pvt. Ltd., a subsidiary of Adani Power Limited. The project is to be developed on a design, build, finance, own and operate model and will have a coal linkage under the SHAKTI policy. The plant capacity is 1,600 MW in two 800 MW units.

The discovered charges comprise a fixed charge of Rs 3.727 per kWh and a fuel charge of Rs 1.656 per kWh. During negotiations the fixed charge was trimmed by 0.10 paise from the initial quote. The Commission noted two regulatory developments after bidding that could affect project costs: a Ministry of Environment notification of 11 July 2025 relaxing flue gas desulphurisation requirements and a GST notification dated 17 September 2025 revising tax rates.

Relying on precedent, the Commission held that it has a regulatory role beyond mechanical adoption under Section 63 of the Electricity Act and may ensure benefits of post-bid cost reductions are passed to consumers. The order requires the parties to report quantifiable impacts. The Commission indicated a tentative estimate of about Rs 270 crore in savings from the DSRF change but left final adjustment to mutual agreement or a future Commission decision if the parties cannot agree.

The decision balances adoption of the discovered tariff with a direction to capture and pass through savings emerging from known regulatory changes prior to commissioning.

Delhi

DERC issues seventh amendment to net metering guidelines

The Delhi Electricity Regulatory Commission (DERC) has notified the Seventh Amendment to its Group Net Metering and Virtual Net Metering Guidelines. The amendment takes effect from the date of upload on the Commission website. It was signed on 20 January 2026 and revised provisions on applicability, billing credits, and infrastructure costs for renewable energy projects in the National Capital Territory of Delhi.

The amendment broadens the scope of Virtual Net Metering (VNM). Under the revised Guideline 3(2), VNM is now available to all consumers in Delhi, including consumers with a single point of supply.

DERC has also increased flexibility for consumers using VNM. As per Guideline 9(2)(b), consumers can revise their share of credits from a renewable energy system or add new service connections to an existing VNM arrangement up to twice in a financial year. This is subject to a two month advance notice.

A technical revision has been made to Guideline 9(2)(d). The term off peak time block has been replaced with normal time block for the relevant calculations.

The amendment also revises infrastructure cost provisions. Under Guideline 3(6), distribution companies (DISCOMs) are required to bear the capital expenditure for Service Line cum Development (SLD) and network augmentation for renewable energy projects under VNM and Group Net Metering. The obligation applies to BSES Rajdhani Power Limited (BRPL), Tata Power Delhi Distribution Limited (TPDDL), BSES Yamuna Power Limited (BYPL), and New Delhi Municipal Council (NDMC). These costs are recoverable through the Aggregate Revenue Requirement (ARR).

The cost waiver is limited to the 11kV and below network. It is subject to cumulative capacity caps of 110 MW for BRPL, 100 MW for TPDDL, 30 MW for BYPL, and 10 MW for NDMC. The guidelines also require DISCOMs to submit quarterly progress reports covering all net metering schemes to the Commission and the Directorate of Energy Efficiency & Resource Mobilisation, Government of NCT of Delhi.

DERC proposes four year phase out of open access additional surcharge

The Delhi Electricity Regulatory Commission (DERC) has proposed amendments to its open access framework to introduce a mandatory four-year phase-out of the additional surcharge applicable to open access consumers.

In a draft notification titled Delhi Electricity Regulatory Commission (Terms and Conditions for Open Access) (Second Amendment) Regulations, 2025, DERC proposed amendments to Regulation 12(1) of the principal 2005 regulations to align with the Electricity (Amendment) Rules, 2024. The additional surcharge is levied to compensate distribution licensees for stranded fixed costs arising from loss of supply to open access consumers.

Under the proposal, the additional surcharge payable by any consumer granted General Network Access or Open Access will reduce on a linear basis from the date of grant and stand fully eliminated after four years. The draft clarifies that no refund will be available for surcharge amounts already paid under the existing regulatory framework.

DERC further proposed that the additional surcharge will not apply to the portion of a consumer's contract demand that continues to be supplied by the distribution licensee, and will be applicable only to consumers who are, or have previously been, customers of the concerned discom.

According to DERC, the proposed amendments are intended to rationalise surcharge recovery, simplify computation, and promote open access in the National Capital Territory of Delhi, consistent with the National Tariff Policy objective that surcharges should not act as a barrier to competition.

DERC extends business plan, tightens loss targets for FY 2026-27

The Delhi Electricity Regulatory Commission (DERC) has proposed a one year extension of its Business Plan regulations and set revised targets for reducing distribution losses for the financial year (FY) 2026-27. In a public notice issued on 7 January 2026, DERC informed stakeholders of the draft extension of the DERC (Business Plan) Regulations, 2023. The regulator has proposed extending the validity of these regulations, which define operational and performance benchmarks for power distribution companies (discoms), up to FY 2026-27.

According to the draft notification and explanatory memorandum, most performance parameters applicable for FY 2025-26 will continue unchanged. However, DERC has proposed fresh targets for distribution losses and renewable purchase obligation. For FY 2026-27, the proposed distribution loss targets are 6.43% for BSES Rajdhani Power Limited (BRPL), 6.22% for BSES Yamuna Power Limited (BYPL), 5.49% for Tata Power Delhi Distribution Limited (TPDDL), and 6.43% for the New Delhi Municipal Council (NDMC). The regulator said these targets are based on an assessment of historical performance up to FY 2024-25 and are intended to drive efficiency improvements, particularly in high and medium loss areas.

For renewable purchase obligation compliance, DERC has proposed that the relevant provisions under the Business Plan regulations will not apply for FY 2026-27. Instead, compliance will be governed by the DERC (Renewable Purchase Obligation and Renewable Energy Certificate Framework Implementation) Regulations, 2025.

DERC clears BYPL and TPDDL power procurement, finalises TPDDL PPAC

The Delhi Electricity Regulatory Commission (DERC) has issued three separate orders in January 2026 covering short term power procurement by Delhi discoms and the Power Purchase Adjustment Cost (PPAC) for Tata Power Delhi Distribution Ltd. (TPDDL).

In an order dated 06 January 2026 in Petition No. 65 of 2025, DERC approved short term power procurement by BSES Yamuna Power Ltd. (BYPL) to meet anticipated shortages during May and June 2026. BYPL was allowed to procure 94.8 MUs of round the clock power through tariff based competitive bidding at a weighted average tariff of Rs 5.90 per kWh. The procurement followed a tender issued on 31 October 2025. No bids were received for peak hour slots, while round the clock power was sourced from Powerpulse Trading Solutions Ltd., NTPC Vidyut Vyapar Nigam Ltd., Manikaran Power Ltd. and Tata Power Trading Co. Ltd. The Commission approved the Letters of Award dated 14 November 2025 and directed that any failure of the arrangement would be BYPL's responsibility, with no additional cost allowed in the true up of FY 2026-27. Any surplus power is to be first utilised within Delhi through the Inter DISCOM Transfer mechanism.

Separately, through an order dated 28 January 2026 in Petition No. 60 of 2025, DERC approved short term power procurement by Tata Power Delhi Distribution Ltd. (TPDDL) for the period from 16 April 2026 to September 2026. TPDDL had projected a shortage of up to 650 MW during the summer months and sought approval for procurement through tariff based competitive bidding via the Discovery of Efficient Electricity Price (DEEP) portal. The Commission allowed TPDDL to procure 679.20 MUs of round the clock power at a weighted average rate of Rs 5.37 per kWh and 101.85 MUs of peak hour power at a weighted average rate of Rs 9.47 per kWh, with the peak rate capped at Rs 10 per kWh. The draft Power Purchase Agreements were approved. As with BYPL, TPDDL will bear any additional liability if the arrangement fails, and surplus power is to be first shared within Delhi under the Inter DISCOM Transfer mechanism.

In another order dated 30 January 2026 in Petition No. 53 of 2025, DERC determined the final PPAC for TPDDL for the second quarter of FY 2025-26. TPDDL had sought approval to levy PPAC at 9.00% or, alternatively, to exclude Short Term Open Access credits from the calculation. After scrutiny of power purchase bills and applying the methodology approved in the Tariff Order dated 30 September 2021, the Commission approved a PPAC of 7.24%. TPDDL is allowed to levy this rate for the period from 01 February 2026 to 30 April 2026. Any surplus or deficit will be adjusted with carrying cost during the true up of the relevant financial year, subject to prudence check.

Punjab

Punjab notifies new deviation settlement mechanism regulations

The Punjab State Electricity Regulatory Commission (PSERC) has notified the Punjab State Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) Regulations, 2025. The regulations were published in the extraordinary gazette of the State of Punjab on 04 December 2025 and will come into force from 01 April 2026.

Objective and applicability

The stated objective of the regulations is to maintain grid discipline and system security through a commercial framework that incentivises grid users, both Buyers and Sellers, to adhere to their approved schedules for electricity drawal and injection.

The Deviation Settlement Mechanism (DSM) applies to Sellers and Buyers undertaking transactions using the intra state transmission system (InSTS) and or the distribution system, including transactions that involve the inter state system.

For Sellers, the DSM applies to all entities with installed capacity of 5 MW and above, including renewable energy generators other than wind and solar, open access generators, and captive generators other than in situ captive plants, connected to the InSTS. Wind and solar generators continue to be governed by separate regulations notified in 2019. Sellers below the capacity threshold and all Sellers connected to the distribution system are required to furnish schedules to the State Load Despatch Centre (SLDC) and are governed by the Open Access Regulations.

For Buyers, the DSM applies to distribution licensees, deemed distribution licensees, and full open access consumers connected to the InSTS. Partial open access consumers connected to the InSTS and all open access consumers on the distribution network are governed by the Open Access Regulations.

Scheduling and operational framework

Scheduling under the regulations is based on 15 minute time blocks. The SLDC prepares a day ahead least cost despatch schedule. All State Entities are required to operate in accordance with the Punjab State Grid Code and the Indian Electricity Grid Code, 2023.

Deviation for a Seller is defined as the difference between Actual Injection and Scheduled Generation. For a Buyer, deviation is calculated as Actual Drawal minus Scheduled Drawal.

Deviation charges and reference rates

Deviation charges are determined based on the category of the entity, the quantum of deviation, and the prevailing system frequency.

The Normal Rate (NR) is defined as the highest of the weighted average Area Clearing Price of the Integrated Day Ahead Market, the weighted average Area Clearing Price of the Real Time Market, or a composite rate comprising one third of each market price and one third of the Ancillary Service charge.

For general Sellers, deviation charges vary with frequency and deviation volume and are expressed as a percentage of the Reference Charge Rate (RR). Over injection results in receivable charges, while under injection attracts payable charges.

For Run of River (RoR) generating stations, deviation charges are not linked to grid frequency. For Municipal Solid Waste (MSW) based generators, charges are linked to the contracted tariff and the volume of deviation, without frequency linkage.

Energy Storage Systems (ESS) are treated as general Sellers. When operating in charging mode, over drawal is treated as under injection and under drawal is treated as over injection for DSM purposes.

For Buyers, deviation charges are linked to the Normal Rate, system frequency, and defined Volume Limits for Buyers (VLB). Different slabs apply depending on the magnitude of deviation and the frequency band. Under drawal is treated as receivable, while over drawal is payable. Specific provisions also apply to infirm power injection and to drawal of start up or auxiliary power.

Settlement, billing, and payment discipline

The SLDC is responsible for preparing a weekly State Deviation Pool Account. Final deviation statements are required to be published on the SLDC website for transparency and scrutiny. The SLDC is also responsible for billing and collection of deviation charges from applicable State Entities.

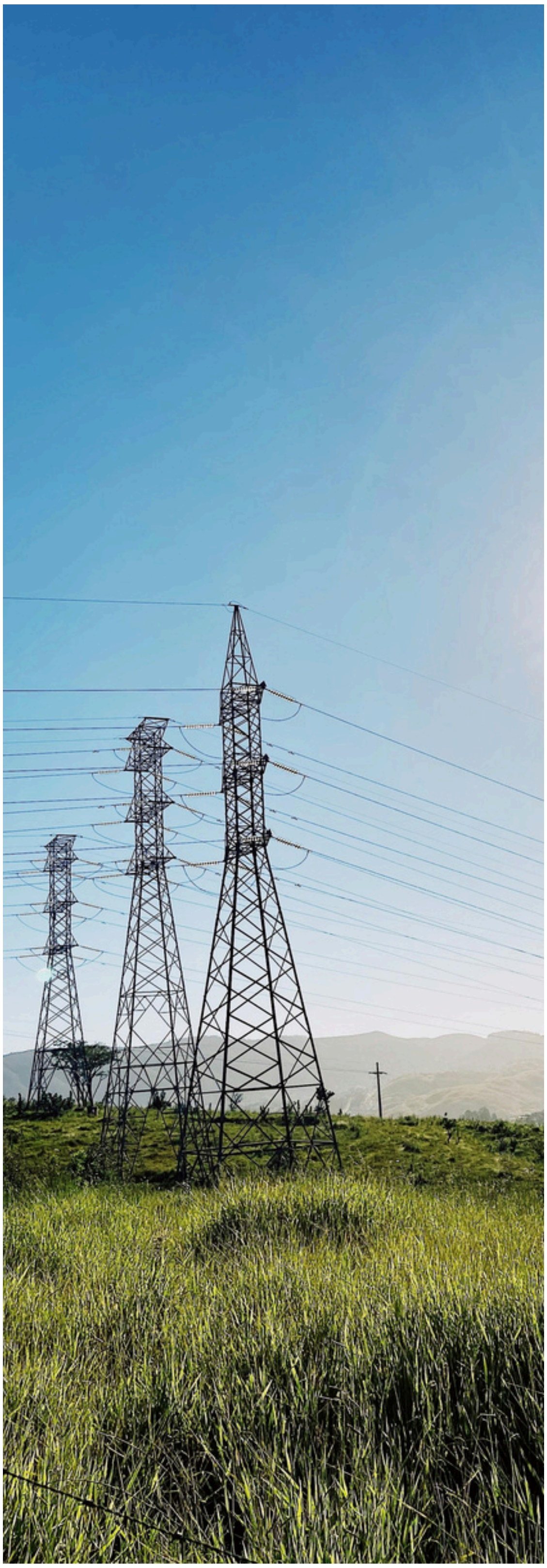
Payments are to be made within 10 days from the date of issue of the statement. Delayed payments attract simple interest at 0.04% per day. Entities with a record of delayed payments are required to open a Letter of Credit (LC) equivalent to 110% of their average weekly DSM liability. The SLDC is empowered to encash the LC in case of default.

Use of deviation pool funds

Any surplus available in the State Deviation Pool Account at the end of a financial year will be utilised for power system improvement works, studies, training programmes, and other schemes approved by the Commission. Any shortfall in the pool account will be recovered through supplementary bills raised on State Entities.

Governance and oversight

Compliance with the DSM framework will be monitored by the State Grid Code Review Committee (SGCRC). Disputes related to DSM accounts will be examined and resolved by the Commercial and Metering Committee (CMC).



PSERC proposes third amendment to rooftop solar regulations

The Punjab State Electricity Regulatory Commission (PSERC) has issued draft regulations proposing wide-ranging amendments to its framework for Grid Interactive Rooftop Solar Photovoltaic Systems. The draft Punjab State Electricity Regulatory Commission (Grid Interactive Rooftop Solar Photovoltaic Systems) (Third Amendment) Regulations, 2026 aim to expand consumer participation and introduce new rooftop solar sharing models in Punjab.

PSERC cited its renewable energy mandate and projected Renewable Purchase Obligation shortfalls of Punjab State Power Corporation Limited (PSPCL) as key drivers for the proposed changes.

Key proposals

The draft removes the existing cap restricting rooftop solar generation to 90% of consumer consumption, allowing full adjustment of generated energy. Any excess energy at the end of the settlement period will be settled at 75% of the Commission-approved feed-in tariff, payable within 30 days, with interest applicable for delays.

For non-domestic consumers, the maximum permissible rooftop solar capacity is proposed to be increased from 70% to 100% of sanctioned load or contract demand, subject to arrangement-specific limits.

PSERC has proposed formal introduction of Group Net Metering (GNM) and Virtual Net Metering (VNM). GNM will allow a single consumer with multiple connections to share rooftop solar generation across those connections, while VNM will permit multiple domestic consumers to collectively own and share energy from a common rooftop solar system. A new Behind-the-Meter (BTM) arrangement is also proposed for systems intended solely for self-consumption, with no compensation for grid injection.

The maximum permissible capacity under net metering, GNM and VNM arrangements is capped at 500 kWp. Prosumers under GNM and VNM will be exempt from banking charges, cross-subsidy surcharge and additional surcharge, while wheeling charges and losses will apply as per open access regulations.

The draft also permits Renewable Energy Service Companies to install rooftop solar systems under lease-based models, with contractual arrangements confined to the consumer and the service provider.

PSERC proposes amendments on banking for renewable captive power users

The Punjab State Electricity Regulatory Commission (PSERC) has issued draft amendments to its regulations governing Captive Generating Plants (CGPs), proposing to clarify the availability and conditions of banking facilities for renewable energy based captive users.

The draft Punjab State Electricity Regulatory Commission (Harnessing of Captive Power Generation) (1st Amendment) Regulations, 2026 seeks to amend the principal regulations notified on 27 October 2022. PSERC stated that the amendment is intended to remove operational bottlenecks in implementation of the banking facility for renewable energy based CGPs.

Proposed changes

The draft proposes substitution of Regulation 11 relating to banking of energy. Under the revised provision, banking will be permitted for captive users sourcing power from renewable energy based CGPs connected to the intra-state transmission or distribution system. Availing of the facility will require execution of a banking agreement with the distribution licensee, governed by the PSERC intra-state open access regulations, as amended.

The draft clarifies that banked energy will not be permitted for third-party sale. It places responsibility on the CGP and captive users to ensure compliance with captive status requirements under Rule 3 of the Electricity Rules at the end of each financial year.

Loss of captive status

If captive status is not met, all banked energy utilised during the year will be treated as infirm power and accounted for in accordance with the principal regulations. In addition, energy drawn from the grid during the same period will be billed at the applicable tariff for the relevant consumer category.

The draft amendments will apply to all CGPs in Punjab and are proposed to come into force upon publication in the state gazette. Stakeholder comments have been invited under Section 181(3) of the Electricity Act, 2003.

PSERC proposes framework for power connections in abandoned colonies

The Punjab State Electricity Regulatory Commission (PSERC) has issued a draft notification proposing the second amendment to the Electricity Supply Code, 2024, to establish a clear procedure for release of electricity connections in residential colonies abandoned due to promoter defaults.

The proposal follows repeated instances where residents were denied connections because promoters failed to obtain mandatory no-objection certificates or complete the local distribution system, and licensing authorities did not act against defaulting developers. PSERC noted that despite earlier directions, including orders passed in 2022 and 2023, no effective enforcement action was taken, leaving consumers without electricity.

PSERC recorded that Punjab State Power Corporation Limited (PSPCL) had reported 71 such colonies, of which only 54 were subsequently identified as approved abandoned colonies. The Commission reiterated that the Electricity Act, 2003 has overriding effect and that distribution licensees remain accountable to the Commission for supply obligations.

Proposed amendments

The draft proposes substitution of Regulation 16 of the Supply Code. Failure by a promoter to obtain an NOC, complete the local distribution system, or deposit required bank guarantees or connectivity charges would constitute sufficient grounds for suspension or cancellation of the licence under applicable state laws.

The distribution licensee will be required to report such violations to the licensing authority, along with

an estimate of the cost required to complete the distribution infrastructure, adjusted for recoverable service connection charges from residents. If no action is taken within three months, the distribution licensee may approach the competent court or authority for directions.

Where electrification obligations remain unmet, the distribution licensee may, with approval of a higher authority, declare the colony abandoned and proceed to release electricity connections.

Release of connections

The draft sets out multiple pathways for release of supply, including completion of works by the licensee using existing bank guarantees, completion at the licensee's cost with recovery of service connection charges, or electrification by residents or resident welfare associations upon payment of prescribed development and service connection charges. Individual connections may also be released without completing the entire colony network.

Any development charges recovered from residents will be refunded through electricity bills if costs are subsequently recovered from the promoter or licensing authority. Stakeholder comments have been invited under Section 181(3) of the Electricity Act, 2003.

MPERC amends intra state open access rules on contract demand

The Madhya Pradesh Electricity Regulatory Commission (MPERC) has notified the Sixth Amendment to the Madhya Pradesh Electricity Regulatory Commission Terms and Conditions for Intra State Open Access Regulations, 2021.

The amendment is dated 20 January 2026 and was published in the Madhya Pradesh Gazette on 23 January 2026. Issued as ARG-24(I)(vi) of 2026, it applies across Madhya Pradesh and revises Regulation 13.2 of the principal regulations.

Under the amended Regulation 13.2, consumers with a contract demand from a distribution licensee are required to clearly specify, at the time of applying for open access, whether the open access is sought up to the contract demand, over and above the contract demand, or as a combination of both. The provision applies to both new applicants and existing open access consumers.

The amendment clarifies that where open access is granted up to the contract demand, only open access energy will be adjusted in the total energy recorded by the billing meter, with no adjustment to billing demand. It also mandates that all open access customers injecting power into the grid ensure that the actual sent out capacity at the interconnection point does not exceed the sanctioned capacity.

MPERC has directed licensees to follow the Madhya Pradesh Electricity Balancing and Settlement Code, 2023, the MPERC Forecasting, Scheduling and Deviation Settlement Mechanism Regulations, 2018, and the Madhya Pradesh Electricity Grid Code, 2024 for balancing and settlement. Distribution licensees are also required to submit consumer wise 15 minute

block energy data for intra state renewable open access consumers to the Madhya Pradesh State Load Despatch Center (MP SLDC) on a weekly and monthly basis, by the 3rd of each month.

For open access within contract demand, no separate technical feasibility study is required at the drawal end and no additional surcharge is applicable. For open access over and above contract demand, technical feasibility is assessed on the total load and additional surcharge applies, except for captive users. Where open access is partly within and partly over contract demand, technical feasibility is based on total load, with surcharge applicable only on the excess portion.

In all cases, installation of an Availability Based Tariff meter is mandatory, and segregation of energy and demand between open access and the distribution licensee is to be carried out in 15 minute time blocks.

MPERC clears Rs 667 crore Sabalgarh transmission project under RTM

The Madhya Pradesh Electricity Regulatory Commission (MPERC) has granted in principle approval for transmission system strengthening works in the Sabalgarh area to be executed through the Regulated Tariff Mechanism (RTM).

The project will be implemented by M.P. Power Transmission Co. Ltd. (MPPTCL) at an estimated cost of Rs 667 crore. The scope includes construction of a new 400/220/132 kV extra high voltage substation near Sabalgarh, a 400 kV double circuit line from the Morena pooling substation to Sabalgarh, and loop in loop out works of existing 220 kV and 400 kV lines at the new substation.

The scheme was earlier included in MPPTCL's additional capital investment plan for the FY 2024-25 to FY 2028-29 control period. While MPPTCL had initially proposed execution through tariff based competitive bidding, it sought exemption on the grounds of strategic importance and urgency. The Energy Department of Madhya Pradesh approved execution through RTM and directed MPPTCL to approach the Commission.

MPPTCL submitted that the project is critical for evacuation of power from the upcoming 600 MW Morena Phase I Solar BESS Park being developed by Rewa Ultra Mega Solar Limited (RUMSL), targeted for commissioning by December 2027. The works are also required to meet future demand in the Sabalgarh and Sheopur area and to avoid transmission congestion.

The Commission held that the project qualifies for exemption from competitive bidding due to its strategic importance and time critical nature. MPERC accordingly approved execution of the Rs 667 crore project through RTM.

Odisha

OERC proposes grid support charges for captive power plants

The Odisha Electricity Regulatory Commission (OERC) has pre-published draft regulations proposing the introduction of Grid Support Charges (GSC) for conventional captive generating plants operating in parallel with the state grid.

The draft Odisha Electricity Regulatory Commission (Grid Support Charges for Captive Generating Plants) Regulations, 2026 was issued through a public notice dated 22 January 2026. Stakeholder comments have been invited up to 23 February 2026.

Regulatory background

The proposal follows directions of the Orissa High Court, which by an order dated 06 July 2023 set aside OERC's earlier proceedings on grid support charges in Case No. 52 of 2020. The Court directed the Commission to examine the issue through regulation-making powers under Section 181 of the Electricity Act, 2003. Pursuant to this, Odisha Power Transmission Corporation Limited (OPTCL) filed a fresh application, registered as Case No. 44 of 2024.

In the Statement of Reasons, OPTCL submitted that captive generating plants derive technical and economic benefits from parallel grid operation, including improved reliability, higher plant load factor, and reduced capital expenditure. It argued that GSC is required to recover costs associated with grid stability, fault level support, and power quality maintenance.

Proposed framework

The draft defines GSC as a fixed monthly charge payable to the transmission licensee. It proposes a Base MVA Support Method, which considers installed generation capacity, contract demand with the distribution system, and scheduled power exports

to determine a Base MVA. A uniform per-MVA rate, to be specified by OERC, would be applied for a defined control period.

The first control period is proposed from 01 April 2027 to 31 March 2029.

OERC referred to a 2019 judgment of the Supreme Court upholding the validity of charges for parallel grid operation, and noted that similar mechanisms are in force in states such as Tamil Nadu, Gujarat, and Rajasthan.

The Commission will notify the final regulations after considering stakeholder submissions.

OERC issues draft rules for approval of utility capital investment

The Odisha Electricity Regulatory Commission (OERC) has released draft regulations to formalise the approval process for major capital investment schemes by power utilities in the state.

The draft, Odisha Electricity Regulatory Commission (Approval of Capital Investment Schemes) Regulations, 2026, was pre-published on 22 January 2026 under Section 181(3) of the Electricity Act, 2003. OERC stated that the framework is intended to bring uniformity, transparency, and regulatory discipline to evaluation of large capital expenditure proposals from generation companies, transmission and distribution licensees, and the State Load Despatch Centre.

Proposed approval process

Under the draft, utilities will be required to obtain prior in-principle approval for Detailed Project Reports involving investment above Rs 50 lakh, or such other threshold as may be specified by the Commission. The process adopts a two-stage approach, with in-principle approval before commencement of works, followed by final approval of actual capital cost after certification by an independent auditor.

The draft classifies eligible capital schemes by utility type. Generation-related schemes include renovation, modernisation, and environmental compliance works. Transmission projects cover system strengthening, new substations, and capacity augmentation, while distribution schemes include projects for new connections, loss reduction, and network conversion. A specific list of activities excluded from capitalisation has also been prescribed.

Oversight and planning

To scrutinise proposals, OERC proposes to constitute a Capital Investment Scrutiny Committee. Utilities will also be required to submit a rolling five-year capital investment plan, to be updated annually. The draft mandates prudence checks covering technical justification, cost–benefit analysis, and assessment of least-cost alternatives before approvals are granted.

Haryana

HERC fixes Rs 2.50 per kWh tariff for 10.72 MW Sirsa solar project

The Haryana Electricity Regulatory Commission (HERC) has issued an order in a remanded proceeding determining the project specific tariff for a 10.72 MW AC solar photovoltaic project in Sirsa. The order follows directions issued by the Appellate Tribunal for Electricity (APTEL).

The proceedings arose from APTEL's judgment dated 23 April 2025 in Appeal No. 302 of 2024, Greenyana Solar Pvt. Ltd. vs. Haryana Power Purchase Centre (HPPC) and others. APTEL had set aside HERC's tariff order dated 29 January 2024 to a limited extent and remanded the matter for a fresh examination. It directed HERC to conduct a prudence check on the required AC to DC ratio and related capital cost to achieve a Capacity Utilisation Factor (CUF) of 21% and to examine a computational issue in the levelised tariff. An interim tariff of Rs 2.50 per kWh was allowed during the remand period.

The petitioner, M/s Greenyana Solar Pvt. Ltd. (GSPL), submitted that to achieve the mandated 21% CUF, its 10.72 MW AC project required higher DC capacity than approved earlier. Based on projections and generation data, GSPL sought approval of additional DC modules and related capital cost, resulting in a claimed levelised tariff of Rs 2.81 per kWh, limited to the PPA ceiling of Rs 2.75 per kWh. GSPL also alleged an error in HERC's earlier computation of the levelised tariff at Rs 2.35 per kWh.

HPPC opposed the claims, stating that a CUF close to 19.215% was achievable with minimal additional DC capacity and that the capital cost for extra modules should be capped at Rs 14.60 million per MW, as previously determined by HERC. It maintained that the earlier tariff computation was correct.

After examining the remand issues, HERC held that a CUF of 21% could not be achieved with an AC to DC ratio of 1:1. Drawing from benchmarks adopted in similar remanded cases, the Commission determined that a DC capacity of 12.20 MW was appropriate for GSPL's project. It approved additional DC capacity of 1.48 MW and allowed corresponding capital cost of Rs 21.61 million. The total project cost was revised to Rs 386.07 million, or Rs 36.01 million per MW.

On the alleged computational error, HERC held that its original methodology for calculating the levelised tariff was correct. It clarified that the discount factor for the first year is unity and found no error in its earlier approach. The Commission rejected GSPL's alternative calculation, citing internal inconsistency.

Based on the revised capital cost and approved parameters, HERC determined the final project specific levelised tariff at Rs 2.50 per kWh. The tariff will apply from the date of the order. HPPC has been directed to pay any differential amount for power supplied since 20 February 2023 within 60 days, failing which interest at 1.25% per month will apply. The petition was disposed of accordingly.

HERC widens QCA eligibility beyond companies

The Haryana Electricity Regulatory Commission (HERC) has allowed proprietorship firms and other non-company entities to qualify as Qualified Coordinating Agencies (QCA) for solar and wind generation projects in the state.

The decision followed a petition filed by Saini Power Transactor against Haryana Vidyut Prasaran Nigam Limited (HVPNL), challenging Clause 6 of the Procedure for Forecasting, Scheduling and Deviation Settlement of Solar and Wind Generation approved on 08 March 2021. The clause restricted QCA eligibility to companies incorporated under the Companies Act, 1956 or 2013.

HVPNL opposed the petition, questioning maintainability and arguing that proprietorship firms lack separate legal identity and could pose operational risks. It maintained that the existing procedure was validly approved and should not be altered.

The Commission observed that the restrictive eligibility condition had resulted in very few QCAs operating in Haryana. It held that broader eligibility could be permitted without compromising grid security, provided adequate safeguards are in place. HERC noted that the parent regulations use the term agency and do not limit eligibility only to companies.

Exercising its powers to amend and relax procedures, HERC substituted Clause 6(i). The amended clause allows a QCA to be a company, firm, Limited Liability Partnership, person or association of persons.

HERC defers Rs 3.11 crore demand on RPS Infrastructure

The Haryana Electricity Regulatory Commission (HERC) has deferred a demand of Rs 3,11,25,012 raised by Dakshin Haryana Bijli Vitran Nigam Limited (DHBVN) on RPS Infrastructure Limited in relation to grant of electricity connection for its IT Park project in Faridabad.

RPS Infrastructure was initially sanctioned a 33 kV supply under an electrification plan approved on 08 December 2021. However, the plan could not be implemented after Haryana Vidyut Prasaran Nigam Limited declined permission for creation of an additional 33 kV bay. A revised plan approved on 26 February 2024 provided for supply at 11 kV, and DHBVN raised a demand towards differential cost between 33 kV and 11 kV infrastructure while withholding the connection.

HERC held that the petitioner had not declined a 33 kV supply and that the shift to 11 kV was necessitated by system constraints of the licensees. The Commission observed that no 33 kV infrastructure existed or was proposed for the project, and that recovery of differential cost in such circumstances would amount to unjust enrichment, as Regulation 3.2.2 of the Supply Code presumes availability or creation of higher-voltage infrastructure.

Allowing the petition, HERC deferred the demand until such time as 33 kV infrastructure is actually created. DHBVN was directed to supply power without insisting on payment of the differential cost at present, while clarifying that the petitioner would be liable to pay the applicable differential cost if and when a future 33 kV readiness notice is issued.

Meghalaya

MSERC issues draft Electricity Supply Code Regulations, 2026

The Meghalaya State Electricity Regulatory Commission (MSERC) has published the draft MSERC (Electricity Supply Code) Regulations, 2026, proposing a unified framework governing electricity supply across the state.

Framed under Section 181(2)(x) of the Electricity Act, 2003, the regulations lay down procedures for new connections, load changes, metering, billing, disconnection, reconnection and unauthorised use of electricity. The code will operate alongside existing MSERC regulations on Standards of Performance, Consumer Grievance Redressal and Rooftop Solar Net Metering, and will prevail in case of any inconsistency.

The draft specifies obligations of distribution licensees, including development of an efficient distribution system, provision of non discriminatory open access, establishment of online service portals and a 24x7 toll free call centre, constitution of Consumer Grievance Redressal Forums (CGRF), and installation of smart or prepaid meters for all new connections, unless exempted by the Commission. Consumers are granted rights such as online application for connections, purchase of meters of their choice and the ability to challenge provisional assessments for unauthorised use.

The code defines supply voltages for different categories. Low Tension supply will be at 230 V single phase or 400 V three phase. High Tension supply will be at 11 kV, 22 kV or 33 kV, while Extra High Tension supply will be above 33 kV. Consumers are required to maintain an average monthly power factor between 0.90 and 0.95, failing which compensation charges will apply.

All new connections are to be provided with correct meters, which will be smart meters or prepaid meters. The code specifies meter classifications, anti tamper requirements and remote communication features based on consumer category.

Timelines have been prescribed for release of supply. Applications must be acknowledged within 24 hours and tracked digitally. Where no system extension is required, supply is to be provided within 7 days in urban areas and 15 days in rural areas for loads up to 2,000 kVA.

Billing provisions include monthly billing for most consumers, while rural domestic consumers will be billed once every two months. Bills must be issued at least 10 days before the due date, with payment due within 15 days. A delayed payment charge of 1% per 30 days will apply. Disconnection for non payment will require a 15-day written notice, and reconnection will follow settlement of dues.

The code mandates establishment and disclosure of CGRFs by licensees. Consumers may approach the CGRF and, if dissatisfied, the Electricity Ombudsman. Safety compliance with Central Electricity Authority regulations has been made mandatory, along with provisions for inspection, handling defective meters and assessment of unauthorised use.

The draft regulations are open for final notification and, once notified, will govern the technical, commercial and contractual relationship between electricity distributors and consumers in Meghalaya.

MSERC seeks comments on load factor incentives, CSS and fixed cost recovery

The Meghalaya State Electricity Regulatory Commission (MSERC) has issued a public notice inviting stakeholder comments on three regulatory proposals covering Load Factor incentives and penalties, the future of Cross Subsidy Surcharge (CSS), and the recovery of fixed costs from consumers.

The Commission is reconsidering its earlier decision to discontinue Load Factor-based penalties and rebates. It has proposed a revised incentive and penalty framework linked to actual Load Factor performance of consumers. MSERC has invited views, particularly from industrial and commercial consumers, on the proposed calculation methodology, threshold levels, and the quantum of incentives and penalties.

MSERC is also reviewing the treatment of CSS. Stakeholders have been asked to comment on whether CSS should continue or be phased out. If retained, the Commission has sought inputs on the appropriate ceiling, keeping in view the policy provision that CSS should not exceed 20% of the applicable tariff for open access consumers.

The public notice further seeks suggestions on the recovery of fixed costs incurred by the distribution licensee, Meghalaya Power Distribution Corporation Limited (MePDCL). These costs include investments in infrastructure, capacity charges under power procurement, and transmission network expenses. MSERC has invited views on the proportion of fixed costs that should be recovered through connection charges or demand charges to ensure a fair allocation of costs across consumer categories.

Uttarakhand

UERC proposes overhaul of Time of Day tariff to align with consumer rules

The Uttarakhand Electricity Regulatory Commission (UERC) has issued a concept paper proposing significant changes to the state's Time of Day (ToD) tariff structure, aimed at aligning tariffs with the Electricity Rights of Consumers Amendment Rules, 2023 and promoting greater utilisation of solar power.

A central feature of the proposal is the introduction of a tariff structure based on Solar Hours and Non Solar Hours, making electricity pricing more responsive to the availability of solar generation.

Proposed Solar Hours and tariff incentives

Under the concept paper, eight hours each day would be notified as Solar Hours. During these hours, consumers would receive a minimum tariff rebate of 20%. The objective is to shift consumption to periods when solar generation is at its peak.

At the same time, the Commission has proposed higher charges during peak demand periods. Commercial and industrial consumers would face surcharges of at least 1.20 times the normal tariff. Other consumer categories would be charged at least 1.10 times the standard rate during peak hours.

The new Time of Day framework is proposed to be implemented for large commercial and industrial consumers with connected loads above 10 kW by April 2024. For most other consumer categories, implementation is targeted by April 2025.

Role of smart meters and interim arrangement

The Commission has linked the rollout of the revised Time of Day regime to the availability of reliable consumption data from smart meters. Uttarakhand Power Corporation Limited began installing smart meters in August 2024.

According to the concept paper, smart meter installation for high tension industrial consumers is expected to be completed by June 2025, while low tension industrial consumers are targeted by August 2025.

Until adequate data is available, UERC has decided to continue with the existing peak and off peak structure. At present, off peak hours attract a 25% rebate, while peak hours carry a 30% surcharge. This interim arrangement will remain in force to ensure that the new tariff design is based on accurate load and consumption patterns.

Load curve analysis and peak hours

The Commission's analysis of Uttarakhand's load curves shows strong seasonal variation. During winter, both morning and evening peaks are observed, with the morning peak often exceeding the evening peak. In summer, the evening peak tends to extend late into the night, in some cases until 02:00 AM.

In this context, UERC has rejected stakeholder suggestions to eliminate the morning peak. The Commission stated that removing the morning peak would weaken demand side management and reduce the effectiveness of the Time of Day tariff.

UERC has invited stakeholder comments on several aspects of the proposed framework. These include whether Solar Hours should remain uniform throughout the year or vary seasonally, whether a 20% rebate during Solar Hours is adequate, and whether peak and off-peak tariffs should be symmetrical. The concept paper marks a step toward a more data-driven and transparent tariff system in Uttarakhand, with smart metering and renewable-aligned pricing at its core.

UERC clarifies BESS tariff structure, retains trading margins

The Uttarakhand Electricity Regulatory Commission (UERC) has issued an order addressing concerns raised by UJVN Limited on the tariff design for standalone Battery Energy Storage Systems (BESS) and the trading margins specified under the Second Amendment to the Renewable Energy Regulations, 2025.

Under the amendment notified on 27 November 2025, UERC had fixed a generic levellised tariff of Rs 5.78 per kWh for standalone BESS and prescribed trading margins of 4% for solar projects and Rs 0.05 per kWh for BESS projects implemented through intermediary agencies. UJVN sought reconsideration, arguing that an energy-based tariff exposes BESS developers to revenue uncertainty and that capacity-based charges are the prevailing national practice. It also sought higher trading margins.

In its suo motu order dated 06 January 2026, UERC declined to revise the trading margins, holding that they had been determined after due consideration. However, the Commission accepted the substance of UJVN's concern on tariff structure and noted that standalone BESS procurement is typically based on capacity charges.

To provide regulatory clarity, UERC clarified that the notified energy charge of Rs 5.78 per kWh for BESS is to be treated as equivalent to a capacity charge of Rs 3,96,747 per MW per month. The clarification takes effect from 06 January 2026 and will apply until further orders.

UERC grants in principle approval for Bhupatwala substation upgrade

The Uttarakhand Electricity Regulatory Commission (UERC) has granted in-principle investment approval to Power Transmission Corporation of Uttarakhand Limited (PTCUL) for augmentation of the 132 kV Bhupatwala substation in Haridwar.

The project involves replacing three existing 40 MVA transformers with one 40 MVA and two 80 MVA transformers. While the Detailed Project Report estimated a cost of Rs 45.71 crore, UERC approved a reduced cost of Rs 42.89 crore, including Interest During Construction, after rationalising contingencies.

UERC accepted that the augmentation is required to address reliability concerns, noting high loading levels and projected demand growth, including additional load expected during the Kumbh Mela in 2027.

The Commission directed PTCUL to follow competitive bidding for procurement, explore state grant support linked to the Kumbh Mela, redeploy the replaced transformers at other substations, and submit quarterly progress reports. Approval of the equity component by the state government is required before issuance of the Letter of Award.

UERC recorded that about 70% of the project cost is proposed to be funded through a loan, with the balance to be provided by the state government. Final capital cost will be subject to prudence check at the time of tariff determination.

Karnataka

HESCOM awards 95 MW solar projects under PM KUSUM in Karnataka

Hubballi Electricity Supply Company Limited (HESCOM) has completed an auction for development of 95 MW of solar power projects across Karnataka under the PM KUSUM scheme Component C.

Seven bidders have been selected to develop thirteen solar projects in HESCOM's supply area. The successful developers are Sri Srinivasa Constructions, Solar91 Cleantech, Anil Patted Solar Energy, Mahadev Damodar Dixit, Suresh Vijaybasappa Patted, G G Anandswamy Gaddadevarmath and Mailareppa Bhimappa Basidoni.

The auction discovered tariffs ranging from Rs 2.76 per kWh to Rs 2.85 per kWh. These tariffs are below the ceiling tariff of Rs 2.89 per kWh approved by the Karnataka Electricity Regulatory Commission, indicating strong developer participation and continued cost competitiveness of solar power in the state.

All projects will be implemented under the Renewable Energy Service Company model. The selected developers will be responsible for the full project lifecycle, including design, engineering, procurement, construction, installation, testing and commissioning. The scope also includes installation of around 22,000 irrigation pump sets and construction of 11 kV lines to connect the solar plants to the grid. Each project will be equipped with a remote monitoring system and will be required to achieve a minimum annual capacity utilisation factor of 19%.

The tender mandates the use of domestically manufactured solar cells and modules listed under the Approved List of Models and Manufacturers (ALMM), in line with national manufacturing policy objectives.

STATE COMMISSION DIRECTIVES

KERC upholds force majeure termination of 20 MW solar PPA, orders PBG return

The Karnataka Electricity Regulatory Commission (KERC) has held that EGNI Generation Private Limited validly terminated its power purchase agreement with Bengaluru Electricity Supply Company Limited (BESCOM) due to prolonged force majeure events arising from the COVID-19 pandemic, and directed return of the performance bank guarantee.

EGNI Generation entered into a PPA with BESCOM on 09 January 2019 for development of a 20 MW solar project in Raichur. The PPA, approved by KERC on 25 March 2019, fixed the scheduled commercial operation date as 24 September 2020. The developer had furnished a performance bank guarantee of Rs 2 crore.

Following disruptions caused by COVID-19 and nationwide lockdowns, EGNI issued force majeure notices between March and June 2020 and terminated the PPA on 31 July 2020 under Article 5.7.4(j), citing continuation of force majeure for more than four months. BESCOM opposed the termination, arguing that the developer was required to first commission the project and seek condonation of delay, and that termination procedures were not followed.

KERC rejected these arguments and held that Article 5.7.4 confers an independent right to terminate the PPA where force majeure prevents project progress beyond four months. It clarified that commissioning the project and seeking condonation of delay is discretionary and not a precondition for termination. The Commission also held that termination due to force majeure does not attract Article 16 of the PPA, which applies only to termination for default.

The Commission found that EGNI had undertaken preparatory project activities prior to the pandemic and rejected allegations of lack of diligence. It held that, as the termination was in accordance with the PPA and no liability had accrued, BESCOM had no right to retain the performance bank guarantee.

Accordingly, KERC declared that the PPA stood validly terminated with effect from 31 July 2020 and directed BESCOM to return the performance bank guarantee within three months.

KERC clarifies late payment surcharge under Adani Green–GESCOM PPA

The Karnataka Electricity Regulatory Commission (KERC) has clarified the manner of levy and appropriation of late payment surcharge (LPS) under a 2016 power purchase agreement between Adani Green Energy (UP) Limited and Gulbarga Electricity Supply Company Limited (GESCOM), and held that subsequent regulations cannot override concluded contractual terms.

Adani Green Energy (UP) Limited executed a PPA with GESCOM on 29 June 2016 for a 20 MW solar project at a tariff of Rs 4.93 per kWh. The project was commissioned on 28 September 2017. Disputes arose due to repeated delays in payment of monthly energy bills and differing interpretations of Article 13.4 of the PPA, which provides for LPS at 1.25% per month for delayed payments.

By an order dated 19 December 2025 in OP No. 01 of 2025, KERC held that LPS becomes payable only if payment is delayed beyond 30 days from the due date, and is to be calculated from the 31st day onwards, not from the due date itself.

On compounding, the Commission clarified that while unpaid LPS bills can themselves attract LPS if delayed, this does not amount to contractual compounding but is a consequence of the delayed payment of supplementary bills.

Applying Section 59 of the Indian Contract Act, 1872, KERC held that where the discom makes invoice-specific payments, there is an implied appropriation towards those energy bills, and the generator cannot unilaterally divert such payments towards outstanding LPS arrears.

The Commission rejected the application of the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022, holding that subsequent regulations cannot override the express terms of a concluded PPA unless given retrospective effect. On limitation, KERC held that reconciliation meetings and part-payments amounted to acknowledgment of debt, extending the limitation period. KERC directed the petitioner to redraw and resubmit supplementary LPS bills in line with its findings.

West Bengal

WBERC clears RTM route for JSW Salboni evacuation

The West Bengal Electricity Regulatory Commission (WBERC) has granted in-principle approval to the West Bengal State Electricity Transmission Company Limited to implement the transmission system for evacuating power from the under-construction JSW Salboni thermal project under the Regulated Tariff Mechanism.

The scheme relates to the 2x800 MW plus 2x800 MW JSW Salboni Thermal Power Plant in Paschim Medinipur. WBSETCL has a long-term Power Supply Agreement in place for 1,492 MW between the West Bengal State Electricity Distribution Company Limited and JSW Thermal Energy Limited.

WBSETCL informed the Commission that any delay in commissioning the evacuation system could trigger compensation liabilities of up to Rs 21 crore per day. It submitted that Tariff Based Competitive Bidding would be impractical as the project includes system strengthening works and could face Right of Way challenges.

The tentative project cost is around Rs 736 crore. The scope includes an 88 km 400 kV double-circuit line to Kharagpur, two 400 kV AIS bays, and a 68 km LILO of an existing 400 kV line with conductor replacement.

Taking note of the project urgency and a supporting memo from the Government of West Bengal, the Commission allowed implementation under RTM and directed WBSETCL to submit a Detailed Project Report for further approval.

WBERC approves PPA with Rashmi Metaliks

The WBERC has approved a five-year Power Purchase Agreement between the West Bengal State Electricity Distribution Company Limited and Rashmi Metaliks Limited for procurement of 3 MW of surplus power.

The power will be sourced from Rashmi Metaliks' 47.25 MW waste heat recovery based captive plant in Paschim Medinipur at a tariff of Rs 2.00 per kWh. Delivery will take place at the 132 kV service line endpoints at Vidyasagar Park and Kharagpur WBIIDC substations.

The Commission noted that the approved tariff is below both the cogeneration ceiling rate and WBSEDCL's average power purchase cost for 2025-26. It held that the procurement supports cogeneration and provides low-cost power to consumers.

SERC orders in brief

The Rajasthan Electricity Regulatory Commission (RERC) has approved amendments to the Tariff for Supply of Electricity, 2025, permitting dual source power supply for high tension (HT) and extra high tension (EHT) consumers. Consumers opting for dual sourcing will be liable to pay double the applicable fixed charges, reflecting reservation of capacity from two independent sources. RERC rejected proposals for exemptions, holding that selective relief would result in cross-subsidisation. The Commission approved insertion of a definition of dual source supply and a tariff note across HT and EHT categories, subject to compliance with prescribed technical safeguards and alignment with forthcoming Supply Code amendments.

The Commission approved a PPA between UPPCL and NTPC Renewable Energy Limited for 400 MW of solar power at Rs 2.56 per kWh. The procurement was part of a larger award where NREL emerged as the lowest bidder for 1,000 MW after an e-reverse auction conducted on 03 January 2025. The project is to be sited at Chitrakoot and carries a quoted CUF of 24.29%. The PPA tenure is 25 years and delivery will be at the 220 kV STU substation at Chitrakoot.

UPERC amended the Multi Year Tariff regulations for transmission, effective 01 April 2025, and lowered the normative ceiling for repairs and maintenance from 2% to 1.5% of opening gross fixed assets. The change follows a reclassification in UPPTCL audited accounts that shifted contractual manpower costs to employee expense, reducing the R&M historical base by roughly 23 to 25%. The amendment applies for the current control period through FY 2029–30 and aims to balance consumer interest with network upkeep.

SERC orders in brief

The Commission approved PPAs enabling Noida Power Company Limited to procure up to 230 MW for Greater Noida for FY 2026–27. The approvals include 140 MW from Prayagraj Power via Tata Power Trading Company Limited on an RTC basis at a weighted seller-periphery tariff of Rs 5.44 per kWh, translating to about Rs 5.85 per kWh at NPCL bus. Separate approvals cover 50 MW of solar at Rs 3.15 per kWh and peak-hour supplies at about Rs 9.21–9.72 per kWh.

UPERC approved multiple batches of PPAs under PM-KUSUM Component C2, taking cumulative approvals to 667.6 MW across numerous developers and districts. Discovered tariffs ranged from Rs 2.20 per kWh to Rs 2.99 per kWh. The Commission withheld approval for seven PPAs due to financing issues tied to proprietorship structures and suggested re-execution through special purpose vehicles to retain MNRE subsidy eligibility.

UPERC adopted discovered tariffs between Rs 4.25 and Rs 4.26 per kWh for a 25-year firm and dispatchable renewable energy package implemented by SJVN. The Commission conditioned the trading margin of Rs 0.07 per kWh on provision of escrow or irrevocable credit; non-compliance would reduce the margin to Rs 0.02 per kWh. The Commission observed that tariff adoption for interstate projects falls under CERC jurisdiction and noted related novation matters.

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