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Regulatory Digest

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Editorial

India's power sector continues to undergo structural transition. Developments in February 2026 show regulators balancing three priorities: expanding renewable capacity, maintaining grid reliability, and updating the legal and market framework governing electricity supply.

Policy activity covered the full value chain. The Ministry of New and Renewable Energy expanded the Approved List of Models and Manufacturers (ALMM) for solar cells and modules, reinforcing domestic manufacturing. Transmission planning advanced to support renewable energy zones in Gujarat, while the Central Electricity Authority progressed work on grid-forming inverters, transformer standardisation, and smart metering.

The month also saw movement on digital market infrastructure. Peer-to-peer electricity trading pilots under the India Energy Stack (IES) test decentralised retail transactions within a regulated distribution framework.

Judicial developments addressed several key sector issues. The Supreme Court examined Change in Law compensation in coal-linked supply arrangements and the scope of judicial review in arbitration disputes involving solar projects. The Appellate Tribunal for Electricity delivered rulings on market coupling, arbitration jurisdiction, and contractual enforcement under renewable energy power purchase agreements (PPAs).

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Policy Landscape

Policymakers across the Ministry of New and Renewable Energy (MNRE), the Ministry of Power (MoP), and the Central Electricity Authority (CEA) moved simultaneously on multiple fronts in February 2026: expanding domestic solar and wind manufacturing, unlocking transmission capacity for renewable energy zones, modernising the grid's digital backbone, and confronting hard engineering questions around thermal flexibility. The month's actions collectively signal a sector navigating a critical inflection point, where the ambition of 500 GW of renewable energy by 2030 is running into real constraints of supply chains, grid physics, and legacy infrastructure.

I. Solar Manufacturing: Deepening the Domestic Base

ALMM Expansions Push India's Solar Cell Capacity Past 26 GW

The most voluminous category of policy activity this month involved successive updates to MNRE's Approved List of Models and Manufacturers (ALMM), the gatekeeping instrument that determines which solar products are eligible for government-backed and large-scale projects in India.

On the solar cell side (ALMM List-II), MNRE issued two revisions in quick succession. The fourth revision added Evervolt Solar Technology India Private Limited, an Andhra Pradesh-based company with an approved capacity of 1,074 MW per year for mono PERC cells with claimed efficiencies of 22% to 23.5%. Existing manufacturers Mundra Solar (Adani Group) and Premier Energies also expanded their approved portfolios with higher-efficiency bifacial N-type TOPCon models reaching up to 25.7% and 26% efficiency respectively, reflecting the global shift from PERC to TOPCon technology. The fifth revision added Fujiyama Power Systems Limited from

Gautam Buddha Nagar, Uttar Pradesh, with an approved capacity of 437 MW per year for bifacial mono-PERC cells. Fujiyama had commissioned its 1 GW cell plant at Dadri in January 2026 with an investment of Rs 300 crore, the entire capacity earmarked for captive use to support its 1.6 GW module manufacturing operation. Following both revisions, India's total enlisted solar cell manufacturing capacity under ALMM List-II stands at approximately 26.82 GW, led by Waaree Energies (5,251 MW), the Tata Group (4,813 MW combined), Mundra Solar (3,832 MW), FS India Solar Ventures (3,433 MW), and Premier Energies (3,283 MW).

On the solar module side (ALMM List-I), a separate revision added eight manufacturers and expanded total enlisted module capacity by approximately 17 GW, taking India's aggregate figure to around 162 GW. New entrants include KRG Power Solar (Tamil Nadu) and Sun 2 Earth (Gujarat), while existing players including RenewSys India, SAEL Solar, and Grew Energy added new or expanded lines. Pahal Solar now holds 3 GW of capacity across two facilities following BIS 2023 certification and ALMM approval, strengthening its position to supply modules for PM Surya Ghar Yojana and other government programmes.

II. Wind Energy: Managing the Transition to Domestic Supply Chains

MNRE Extends Bearing Localisation Deadlines and Clarifies Customs Duty

The wind sector received two important policy adjustments in February. On domestic sourcing, MNRE's office memorandum of February 16, 2026 extended timelines under the ALMM-linked bearing localisation requirement originally mandated on July 31, 2025. Main bearings for projects bid before that date, or to be bid until July 31, 2027, are fully exempted from the domestic procurement mandate for a two-year window subject to review. For projects commissioned within 18 months of July 31, 2025 under captive, open access, or commercial and industrial arrangements, yaw and pitch bearings receive an extension to January 31, 2028, while main bearings are exempted until January 31, 2029.

On customs duty, following the Department of Revenue's Notification No. 02/2026-Customs dated February 1, 2026, forged steel rings classified under tariff item 7326 90 99 and used in manufacturing special bearings for wind generators are now eligible for concessional customs duty. Applications for the Concessional Customs Duty Certificate must be routed through MNRE's designated Wind CCDC portal.

Together, these measures reveal a dual-track policy logic: protect domestic manufacturing ambitions over the medium term while providing short-term cost relief for components that cannot yet be sourced domestically. The extension of bearing localisation deadlines acknowledges that India's domestic bearing supply chain for wind turbines remains nascent, particularly for technically demanding main bearings.

III. Transmission Infrastructure: Unlocking Gujarat's Renewable Zones

NCT Clears Rs 24,048 Crore for 25.5 GW RE Evacuation

The National Committee on Transmission (NCT) recommended three interstate transmission schemes totalling Rs 24,048 crore to evacuate 25.5 GW of renewable energy from Gujarat's renewable energy zones. These cover the Jam Khambhaliya REZ Phase II (5,500 MW) and Jamnagar Phase I (1,000 MW) at an estimated Rs 7,688 crore, the Lakadia REZ Phase II (7,500 MW) at Rs 7,506 crore, and a Common Transmission System across all three zones at Rs 8,854 crore, to be awarded through Tariff Based Competitive Bidding (TBCB). The Central Transmission Utility of India Limited (CTUIL) has been directed to initiate TBCB processes accordingly.

Transmission planning for Khavda REZ Phases VI and VII has been deferred. The NCT found that assumptions of 9.25 GW of green hydrogen and green ammonia demand by 2031 are not backed by confirmed off-take, with only one application of 0.575 GW from L&T at Kandla received so far. Transmission capacity is increasingly being tied to real demand evidence rather than speculative industrial projections, and for green hydrogen developers, this creates a circular challenge: they need transmission certainty to invest, but transmission will not be built without confirmed demand.

IV. Grid Modernisation: Standards, Smartness, and Digital Infrastructure

CEA Flags Transformer Standards Non-Compliance

In a directive dated January 24, 2026, the CEA warned that utilities continue to specify non-standard transformer ratings in procurement tenders despite mandatory standardisation under the CEA Technical Standards Regulations notified in December 2022. The prescribed standards cover 17 ratings for power and auto transformers (12.5 MVA to 500 MVA) and five ratings for generator transformers (200 MVA to 315 MVA). The directive was circulated to more than 60 entities including NTPC, Karnataka Power Transmission Corporation, Maharashtra State Electricity Transmission Company, and Tamil Nadu Generation and Distribution Corporation. Non-standard specifications force manufacturers into custom design cycles, driving up lead times, costs, and reducing bidder participation, undermining the very procurement efficiency the standards were designed to create.

CEA Maps Domestic Grid-Forming Inverter Capacity

The CEA's Energy Storage System Division has initiated a capacity mapping exercise for Grid-Forming (GFM) inverters, a technology increasingly critical as renewable penetration grows and grid inertia declines. Unlike conventional Grid-Following inverters that rely on an existing frequency signal, GFM inverters can actively establish voltage and frequency, functioning more like synchronous generators. Manufacturers have been asked to submit production capacity figures and indicative cost data for both GFM and Grid-Following inverters across central and string inverter categories. The exercise is intended to inform future policy formulation ahead of potential mandate-based deployment requirements.

CEA Proposes Smart Metering Overhaul

The CEA published the Draft CEA (Installation and Operation of Meters) Amendment Regulations, 2026, on February 23, 2026, with stakeholder comments due by March 26, 2026. In areas with communication network coverage, consumers must be supplied through IS-compliant smart meters within Central Government-set timelines. In areas without coverage, SERCs may permit IS-compliant prepayment meters. All Advanced Metering Infrastructure must include prepayment functionality and ensure interoperability per CEA guidelines. For open access consumers at or below 650 V, smart meters with accuracy class 1.0/0.5S are proposed as interface meters with no check meter requirement.

India Energy Stack Advances to Version 0.3

The India Energy Stack (IES) Taskforce under the Ministry of Power released Version 0.3 of its strategy and architecture documents, targeting project completion by July 2026. The initiative seeks to create a shared digital framework enabling secure data exchange and interoperability among utilities, system operators, and consumers. Version 0.3 deepens the emphasis on consumer and prosumer participation, with consent-based data sharing allowing consumers to access demand response programmes and compare energy offerings, while rooftop solar owners gain simpler pathways to monetise surplus energy. REC Limited is the nodal agency, with FSR Global as knowledge partner. The taskforce has progressed from Version 0.1 (November 2025) to 0.2 (December 2025, with a pilot use case for interstate peer-to-peer

power trading via standardised APIs) to the current version. A fully operational energy stack by mid-2026 would meaningfully lower transaction costs across the power ecosystem and accelerate market-based participation.

V. Thermal Power: Flexibility, Ash Management, and the Road to 500 GW

CEA Panel Clears 55% MTL Flexibility, But Pilot Impasse Persists

A CEA-constituted committee found that operating thermal power plants at 55% minimum technical load (MTL) with conservative ramping rates of approximately 0.5% per minute does not cause significant damage. Around 70% of identified issues in the data reviewed were attributable to ageing, coal quality, or operational disturbances rather than flexible operation.

The context is urgent. As renewable penetration grows, India's grid faces a pronounced duck-curve problem, with steep evening demand ramps of around 60 GW. GRID-INDIA reported that in May 2025, grid frequency stayed outside the Indian Electricity Grid Code band for nearly 20% of the time. On May 25, 2025, even after backing the national thermal fleet down to 58% and curtailing nearly 10 GW of solar, frequency reached 50.48 Hz. Achieving the 500 GW renewable target by 2030 will require thermal plants to flex down to 40% MTL, support two-shift operation, and co-exist with expanded battery and pumped storage. International benchmarks are instructive: China achieves 30% MTL post-retrofit, Denmark and Japan operate below 25%, and Germany has specific units reaching 12 to 15%.

A critical roadblock has emerged, however. Despite a CERC directive dated March 29, 2025 (Petition No. 2/SM/2025) ordering pilot projects for two-shift operation, NTPC has not nominated a single unit for mandated studies, and as of January 14, 2026, neither DVC nor Mahagenco had done so either. BHEL acknowledged that retrofits and control modifications can mitigate damage from flexible operation, but existing tenders do not adequately address flexibility requirements. The committee has recommended that utilities pursue 40% MTL in coordination with original equipment manufacturers and incorporate flexible operation provisions into standard technical specifications for new thermal projects.

MoP Revises Ash Utilisation Framework

The Ministry of Power issued revised ash utilisation guidelines for all coal and lignite-based thermal power plants, replacing the March 2024 framework. The key elements of the new regime require 100% ash utilisation in alignment with MoEF&CC notifications, with TPPs earmarking fly ash for MSEs and local users within a 100 km radius at concessional rates. General sales must use an open auction mechanism with a minimum floor price of Re 1 per metric tonne, and residual ash after auction may be supplied free on a first-come, first-served basis. For ash transported beyond 300 km, TPP financial liability is capped at the equivalent road transport cost for 300 km. MSEs must hold a valid CPCB or SPCB Consent to Operate, or a valid Udyam registration certificate. The CEA will oversee implementation. The framework introduces market mechanisms alongside environmental safeguards, with MSE preference within 100 km reflecting a dual objective of compliance and support for small industry.

Conclusion

February 2026 captures a sector accelerating and recalibrating at once. Two ALMM cell revisions, a 17 GW module capacity addition, and the Rs 24,048 crore Gujarat transmission approval signal real momentum. Yet the thermal flexibility impasse is a reminder that policy intent must be matched by execution. For the sector, discipline on localisation, standardisation, and flexibility will determine who captures value.

In Focus

Peer-to-peer electricity trading

Peer-to-peer electricity trading: Promise, pilots, and the path to policy reality

India's electricity sector is on the cusp of a carefully constructed experiment. The Ministry of Power's proposal to pilot peer-to-peer (P2P) electricity trading under the India Energy Stack (IES) has drawn widespread attention, frequently compared to UPI's transformation of digital payments and Aadhaar's reimagining of identity infrastructure. The analogy is evocative. But for regulators and practitioners, the more important question is not whether P2P trading can work in theory, but whether India's existing regulatory architecture can absorb it in practice.

The answer, as landmark orders from Delhi and Uttar Pradesh now make clear, is cautiously yes: but only within tightly defined boundaries, and only after significant institutional coordination.

What P2P Electricity Trading Means

At its core, P2P electricity trading allows a consumer who also generates electricity (typically through rooftop solar) to sell surplus power directly to another consumer, rather than feeding it back under conventional net-metering. The seller becomes a "prosumer." The buyer is typically a neighbouring household or commercial establishment on the same platform.

Transactions happen through a digital marketplace: prosumers and consumers publish bids and offers, conclude day-ahead contracts, and settle through secure payment systems. Energy flows are reconciled using smart meter data, often verified through blockchain-based mechanisms. REC Limited has been designated as the nodal agency for the IES framework, which provides the foundational digital infrastructure on which these transactions are built.

What makes this distinct from conventional renewable procurement is its granularity. Rather than a utility purchasing bulk power under a long-term PPA, individual consumers transact in real time, at distribution voltage levels, in small quantities, using digital wallets. It is market-enabled energy access at the retail level, something India's power sector has not previously attempted at scale.

What Regulators Actually Approved

The clearest picture of where this initiative stands comes from two regulatory orders issued in early 2026: one by the Delhi Electricity Regulatory Commission (DERC) on February 11, and the other by the Uttar Pradesh Electricity Regulatory Commission (UPERC) on February 26.

DERC approved pilot proposals filed by Tata Power Delhi Distribution Limited (TPDDL) and BSES Rajdhani Power Limited (BRPL), permitting P2P transactions across different distribution companies within Delhi and, crucially, across the state boundary into Uttar Pradesh. UPERC simultaneously approved a petition by Pashchimanchal Vidyut Vitran Nigam Limited (PVVNL), permitting interstate P2P transactions between its licensed territory in western Uttar Pradesh and consumers served by TPDDL and BRPL in Delhi.

Together, these constitute India's first formally approved interstate P2P electricity trading framework, connecting prosumers and consumers across service territories of distribution licensees in two different states under two different regulatory jurisdictions. The regulatory coordination required to produce parallel, mutually consistent orders is itself a notable institutional achievement.

The design choices embedded in the approvals are instructive. Transaction charges were set at Rs 0.42 per kWh, shared equally between prosumer and consumer. DERC rejected additional wheeling

charges within Delhi, reasoning they are already recovered through retail tariffs, though UPERC maintained that cross-boundary charges to UP would apply. The previous cap limiting P2P trades to 20% of installed solar capacity was removed, significantly improving commercial attractiveness for rooftop solar owners. Deviation penalties were waived for the six-month pilot period, with the commissions acknowledging that such penalties (appropriate for mature markets) could deter participation at this early stage.

Smart meters are mandatory for all participants. Both commissions were unequivocal on this point, and UPERC's December 2025 amendment mandating this requirement regardless of payment mode was an important clarification.

The Structural Constraints That Define the Limits

Understanding the full picture requires appreciating what these pilots are operating within. India's electricity market is not a liberalised retail market. State distribution companies hold monopoly responsibility for retail supply, universal service obligations, and network cost recovery. This architecture shapes what P2P trading can and cannot do.

The most consequential constraint is cross-subsidy. India's retail electricity pricing relies heavily on cross-subsidisation: industrial and commercial consumers effectively subsidise agricultural users and low-income households. If higher-paying consumers migrate to P2P transactions without robust mechanisms to recover network and cross-subsidy contributions, the financial architecture of the distribution sector is weakened. UPERC's decision to waive the cross-subsidy surcharge for the pilot is commercially significant, but carries systemic sensitivity at any larger scale.

DISCOM finances compound this concern. Many utilities remain financially stressed. P2P transactions continue to rely on the same grid infrastructure: poles, wires, transformers, load dispatch systems. If fixed costs are not transparently recovered, prosumer benefits risk being privatised while network costs remain socialised across the non-participating consumer base.

The pilot's tight scope (rooftop solar prosumers at distribution voltage, small-scale injections, within the service territories of TPDDL, BRPL, and PVVNL) is not timidity. It is a deliberate design choice to protect financial and operational integrity while testing digital infrastructure.

The Smart Meter Gap and Market Economics

No discussion of P2P trading in India is complete without confronting metering reality. Smart metering under the Revamped Distribution Sector Scheme has made progress but remains uneven. Without granular, verifiable data, settlement disputes are inevitable, consumer confidence is undermined, and cross-subsidy accounting becomes unstable.

The market economics also impose their own limits. Most residential solar systems generate modest surpluses, typically during mid-day hours when household consumption is lower, creating thin, time-constrained local markets. After accounting for transaction and wheeling charges, the incremental gain for a prosumer over existing net-metering arrangements may be marginal in many cases. The pilot's commercial significance lies less in trade volumes and more in institutional learning: testing matching algorithms, settlement workflows, and consumer behaviour in a live but controlled environment.

The Strategic Value: Learning, Not Disruption

It would be a mistake to underestimate the strategic significance of what has been set in motion. This pilot establishes, for the first time, a multi-state, multi-utility digital trading framework for retail electricity. It tests whether regulatory coordination between different SERCs (historically siloed) can produce interoperable rules requiring real-time settlement. It builds familiarity with decentralised

transactions among utilities long accustomed to operating as vertically integrated monopolies. And it creates a practical foundation for deeper reforms: cost-reflective tariffs, rationalised cross-subsidies, DISCOM restructuring, and harmonised regulatory frameworks.

The scalability of the model will ultimately depend on regulatory clarity around settlement, consumer protection, data governance, and dispute resolution, areas where this six-month pilot will generate invaluable real-world data.

Calibrated Optimism

The interstate P2P pilot is a landmark regulatory development. It demonstrates that Indian electricity regulators can move with purpose and coordination when presented with a well-scoped, technically credible proposal. But the broader lesson is one of structured realism: P2P trading in India is not a market disruption. It is a carefully managed experiment in digital infrastructure for a regulated system.

Digital platforms can enable secure, low-cost transactions between prosumers and consumers across distribution boundaries. They cannot substitute for the structural policy reforms on which meaningful retail market development ultimately depends.

For now, P2P electricity trading is best understood as a high-value experiment, one whose outcomes will shape whether India's power sector can one day transition from a regulated, utility-centric model to a genuinely consumer-centric one.

From the Bench

Court Orders

Supreme Court upholds APNRL's Change in Law claim on coal block cancellation

The Supreme Court has upheld Adhunik Power and Natural Resources Limited's (APNRL) entitlement to compensation for higher coal costs arising from the cancellation of its Ganeshpur captive coal block, treating the event as a Change in Law under the power purchase framework. However, the Court rejected claims for additional costs incurred before the cancellation due to delays in operationalising the block.

A bench comprising Chief Justice Surya Kant and Justices B.V. Nagarathna and Joymalya Bagchi delivered the judgment on February 27, 2026, in appeals filed by West Bengal State Electricity Distribution Company Limited (WBSEDCL) against an order of the Appellate Tribunal for Electricity (APTEL).

The dispute arises from power supply arrangements executed in 2011. On January 5, 2011, WBSEDCL signed a Power Sale Agreement (PSA) with PTC India Limited (PTC) for procurement of 100 MW of power for 25 years. On March 25, 2011, a back-to-back Power Purchase Agreement (PPA) was executed between APNRL and PTC for supply of power to WBSEDCL. The West Bengal Electricity Regulatory Commission (WBERC) approved these agreements on December 15, 2011.

Although the agreements did not expressly identify the coal source, minutes of a meeting held on January 3, 2011 recorded that APNRL held the Ganeshpur captive coal block in Jharkhand through a joint venture with Tata Steel Limited. WBSEDCL also referred to the block in a letter dated April 30, 2012 seeking information on coal lifting from the mine.

As the captive block could not be operationalised, APNRL began sourcing coal through tapering linkage from Central Coalfields Limited (CCL) and commenced power supply. To address shortages, the company procured coal through e-auctions and imports and sought pass-through of the additional fuel costs. WBSEDCL rejected the claim, citing Article 2.5 of the PPA and PSA, which states that coal procured from alternate sources would be deemed to have been sourced from the captive source, thereby preventing separate escalation claims.

The dispute intensified after the Supreme Court's August 25, 2014 judgment in Manohar Lal Sharma v. Principal Secretary & Ors., which cancelled coal block allocations made through the Screening Committee and government dispensation route, including the Ganeshpur block allotted to APNRL. This was followed by the Coal Mines (Special Provision) Ordinance, 2014 and later the Coal Mines (Special Provision) Act, 2015. APNRL participated in the reallocation process but did not regain the block.

APNRL approached the Central Electricity Regulatory Commission (CERC) seeking approval for pass-through of actual fuel costs, arguing that the coal block cancellation and subsequent legislation constituted Change in Law events under Article 10 of the PPA and PSA.

CERC held that APNRL was entitled to compensation for coal procured through e-auction and imports to meet tapering linkage shortfalls pending operationalisation of the captive block. However, it rejected the Change in Law claim and directed APNRL to file a fresh petition with supporting documentation.

APTEL later reversed CERC's finding on Change in Law. It held that both the Supreme Court's cancellation of coal blocks and the enactment of the Coal Mines (Special Provision) Act, 2015 constituted Change in Law events under Articles 10.1.1(b) and 10.1.1(f) of the PPA and PSA. The

tribunal awarded compensation from August 25, 2014 with carrying costs, and also upheld compensation for e-auction and imported coal used before the cancellation.

Writing for the bench, Justice Joymalya Bagchi rejected WBSEDCL's argument that the agreements did not specify the coal source. The Court held that contractual provisions can be interpreted in light of surrounding circumstances, which clearly linked the supply arrangement to the Ganeshpur captive coal block.

The Court referred to Article 2.5 of the PPA and PSA, which mentions a "captive source" of coal and indemnifies WBSEDCL against additional costs arising from procurement from alternate sources. Although the captive source was not expressly named, the Court held that its identity was evident from the meeting minutes of January 3, 2011 and WBSEDCL's letter dated April 30, 2012.

The Court agreed with APTEL that the Manohar Lal Sharma judgment, which interpreted the Coal Mines Nationalisation Act, 1973 and the Mines and Minerals (Development and Regulation) Act, 1957 differently from the government's earlier understanding, constituted a Change in Law under Article 10.1.1(b). The subsequent enactment of the Coal Mines (Special Provision) Act, 2015 also qualified as a Change in Law under Article 10.1.1(f) because it altered the legal framework governing mining rights and fuel supply.

The judgment clarified that Article 2.5 and Article 10 of the agreements serve distinct purposes. Article 2.5 protects WBSEDCL from price escalation when coal is sourced from non-captive sources. Article 10 addresses situations where a Change in Law materially affects the generator's ability to operate the captive mine and meet contractual obligations.

The Court therefore upheld APTEL's finding that APNRL was entitled to Change in Law compensation from August 25, 2014, along with carrying costs until payment.

However, the Court disagreed with APTEL's decision to grant compensation for coal procured through e-auctions and imports to meet tapering linkage shortfalls before the cancellation of the coal block. It held that APTEL had incorrectly restricted the application of Article 2.5 by attributing operational delays to external factors such as environmental clearances or actions of the lead miner.

The Court stated that such an interpretation would expose WBSEDCL to fluctuations in coal costs arising from operational uncertainties, except where a Change in Law occurs under Article 10.

It also distinguished APTEL's reliance on the decision in GMR Kamalanga Energy Ltd. v. CERC, noting that the power purchase agreement in that case did not contain a clause comparable to Article 2.5, which specifically indemnifies the procurer against cost escalation from non-captive coal sources.

The Supreme Court partly allowed the appeals. It set aside APTEL's order insofar as it granted compensation for coal procured through e-auction and imports before the August 25, 2014 cancellation. The tribunal's direction granting Change in Law compensation from that date, along with carrying costs, was upheld. The Court also noted that CERC had issued a consequential order on February 11, 2026 to implement the Change in Law compensation and directed that the order be implemented within three months.

Supreme Court restores 50% liquidated damages in NVVNL–Saisudhir solar dispute

The Supreme Court has restored a Delhi High Court Single Judge's order granting NTPC Vidyut Vyapar Nigam Ltd. (NVVNL) 50% of the stipulated liquidated damages in its dispute with M/s Saisudhir Energy Ltd. (SEL) over delays in commissioning a solar project under the Jawaharlal Nehru National Solar Mission (JNNSM). The ruling sets aside a later Division Bench judgment that had further reduced the compensation.

The Ministry of Power launched the JNNSM in 2010 to promote grid-connected solar capacity. NTPC Vidyut Vyapar Nigam Ltd. (NVVNL) served as the nodal agency responsible for executing Power Purchase Agreements (PPA) with developers.

On January 24, 2012, NVVNL signed a Power Purchase Agreement (PPA) with M/s Saisudhir Energy Ltd. (SEL) for 20 MW of solar power. The project was to be commissioned by February 26, 2013. SEL missed the deadline. It commissioned 10 MW after a two-month delay and the remaining 10 MW after five months.

Invoking Clause 4.6 of the PPA, NVVNL claimed liquidated damages. The dispute went to a three-member Arbitral Tribunal, which issued a split award. The majority granted NVVNL Rs 1.2 crore. The minority held that the PPA's stipulated liquidated damages, about Rs 49.92 crore, were a genuine pre-estimate of loss and payable in full. Both parties challenged the award under Section 34 of the Arbitration and Conciliation Act, 1996. A Single Judge of the Delhi High Court set aside the majority award and granted NVVNL 50% of the stipulated liquidated damages, amounting to Rs 27.06 crore. The decision was appealed under Section 37. The Division Bench reinterpreted the PPA and reduced the compensation to Rs 20.70 crore. Both parties then approached the Supreme Court.

The Supreme Court examined whether NVVNL had to prove actual loss to claim liquidated damages under Section 74 of the Indian Contract Act, 1872, given the project's public utility purpose. It also considered whether courts under Section 34 could modify an arbitral award and whether the Division Bench could recalculate damages under Section 37.

The Court set aside the Division Bench judgment and restored the Single Judge's order. It noted that the JNNSM project served a public purpose by promoting green energy. Citing Construction and Design Services vs. DDA, it held that delays in public utility projects can themselves cause loss, including environmental harm or failure to achieve social objectives. In such cases, the burden shifts to the defaulting party to show that no loss occurred. SEL did not establish this.

The Court also referred to the Constitution Bench ruling in Gayatri Balasamy vs. ISG Novasoft Technologies Ltd. It held that courts under Section 34 have limited power to modify arbitral awards, including through the doctrine of severability, to avoid unnecessary arbitration and hardship. The Single Judge's modification awarding 50% of the stipulated liquidated damages fell within this limited jurisdiction.

On appellate review, the Court held that the Division Bench exceeded its powers under Section 37. An appellate court's role is to examine whether the Section 34 court exercised jurisdiction properly. Since the Single Judge's reasoning was plausible and not arbitrary, the Division Bench could not substitute its interpretation or recalculate damages.
The ruling affirms the enforceability of liquidated damages clauses in public utility solar projects under the JNNSM. It also clarifies the limited scope of appellate review under Section 37 of the Arbitration and Conciliation Act, 1996.

Supreme Court upholds interim relief to Tata Power in Section 11 dispute

The Supreme Court has upheld interim relief granted to Tata Power Company Limited (TPCL) in proceedings arising from directions issued under Section 11 of the Electricity Act, 2003.

In an order dated January 16, 2026, in Civil Appeal No(s). 15195/2025 (Gujarat Urja Vikas Nigam Limited vs. Central Electricity Regulatory Commission & Ors.), the Court dismissed appeals filed by procurers including Punjab State Power Corporation Limited and Rajasthan distribution companies (discoms). The ruling leaves intact the interim compensation framework upheld by the Appellate Tribunal for Electricity (APTEL).

In 2023, the Ministry of Power issued directions under Section 11(1) of the Electricity Act requiring imported coal-based power plants, including TPCL, to operate at full capacity to address power shortages. Section 11(2) requires the regulator to offset any adverse financial impact arising from such directions.

A committee constituted by the ministry set a provisional benchmark Energy Charge Rate (ECR) for compensation. TPCL challenged the benchmark before CERC, arguing that it did not reflect the prudent cost of imported coal, and sought final compensation along with interim relief in Petition No. 179/MP/2023.

On March 10, 2025, CERC granted interim relief, allowing TPCL to recover 50 percent of the difference between its claimed ECR and the committee's benchmark rate. Procurers including GUVNL, PSPCL, and Rajasthan discoms challenged the order before APTEL, arguing that CERC lacked authority to grant interim monetary relief under Section 11 and that the ECR calculations contained errors.

APTEL upheld the interim order. It held that CERC has broad powers under Section 94(2) of the Electricity Act to grant interim relief, including in proceedings under Section 11(2). The tribunal noted that generators operating under mandatory government directions could face financial stress if relief is delayed until final adjudication.

The tribunal also considered the standard tests for interim relief, including prima facie case, balance of convenience, and irreparable injury. While financial loss alone does not normally constitute irreparable harm, APTEL held that interim relief may be justified in appropriate circumstances.

During the proceedings, calculation errors were identified in CERC's ECR determination, particularly in the treatment of shipping costs where Cost and Freight (CFR) shipments had been treated as Free on Board (FOB). However, APTEL declined to set aside the interim relief since the effective price allowed was lower than the procurers' own internal estimates.

Instead, the tribunal issued a limited remand directing CERC to recalculate the precise entitlement using verified data for the period from April 16, 2023 to March 10, 2025. To safeguard procurers, APTEL directed TPCL to furnish an unconditional bank guarantee for the entire interim amount and to undertake to pay carrying costs if the main petition is dismissed.

APTEL also asked CERC to prioritise the main proceedings and attempt to conclude them within six months. With the Supreme Court dismissing the procurers' appeals, the interim compensation framework will remain in place while the substantive dispute continues before CERC.

Supreme Court upholds insolvency proceedings against Hiranmaye Energy

The Supreme Court has dismissed an appeal by Power Trust, promoter of Hiranmaye Energy Ltd., challenging the initiation of insolvency proceedings against the company. The Court also directed the refund of Rs 125 crore deposited by the appellant while seeking an interim stay.

In its February 18, 2026 judgment, a bench comprising Chief Justice Surya Kant and Justices Joymalya Bagchi and Vipul M. Pancholi upheld orders of the National Company Law Tribunal (NCLT) and the National Company Law Appellate Tribunal (NCLAT) admitting a Section 7 application filed by REC Limited.

REC had extended loans exceeding Rs 2,300 crore for the company's thermal power project at Haldia, West Bengal. After the loan accounts were classified as non-performing assets in 2018, restructuring proposals were discussed in 2020 but never implemented because key conditions were not met.

Rejecting the appellant's reliance on Section 10A of the Insolvency and Bankruptcy Code (IBC), the Court held that the restructuring proposals never became binding agreements. It reiterated that at the admission stage under Section 7, the adjudicating authority only examines the existence of financial debt and default.

The Court also declined to interfere with the commercial decision of the Committee of Creditors (CoC), which had approved a resolution plan submitted by Damodar Valley Corporation. The appeal was dismissed and the stay on the Corporate Insolvency Resolution Process (CIRP) was vacated.

Supreme Court upholds SEML resolution plan for SKS Power

The Supreme Court has upheld the resolution plan submitted by Sarda Energy and Minerals Ltd. (SEML) for SKS Power Generation (Chhattisgarh) Ltd., affirming the decision of the Committee of Creditors (CoC) and bringing closure to the company's insolvency proceedings.

During the Corporate Insolvency Resolution Process (CIRP) under the Insolvency and Bankruptcy Code (IBC), several bidders submitted plans for the company, including Torrent Power, Jindal Power, Vantage Point Pte and SEML. After evaluation, the CoC approved SEML's plan with 100 per cent voting support.

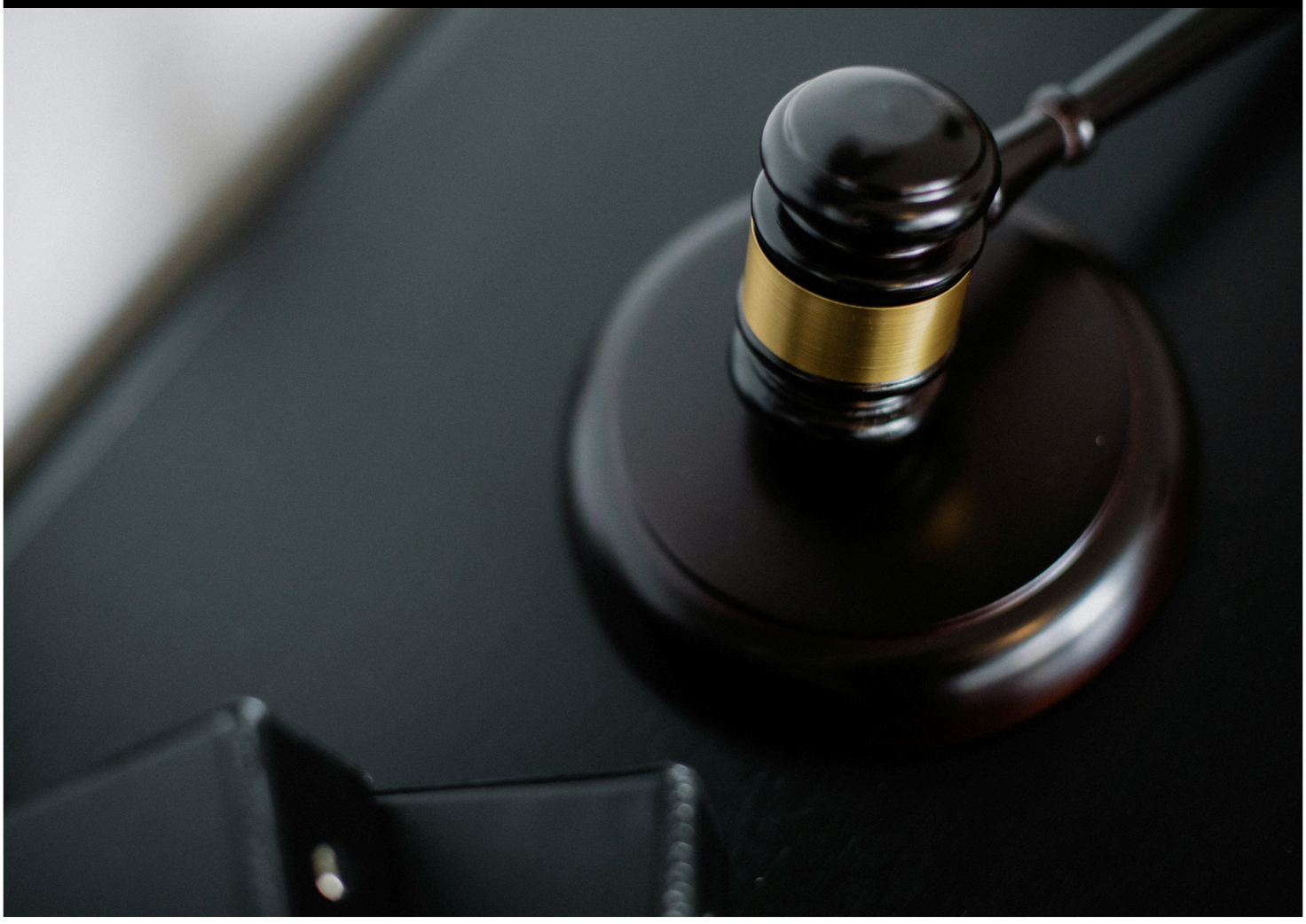
Unsuccessful bidders challenged the decision before the National Company Law Tribunal (NCLT) and the National Company Law Appellate Tribunal (NCLAT), arguing that SEML had modified its bid during the process. Both tribunals rejected the challenge and upheld the lenders' decision.

In its February 27, 2026 judgment, the Supreme Court held that the issue raised by the challengers related only to a clarification in the bid rather than a substantive modification of the resolution plan. The Court reiterated that the commercial decisions of the CoC are not open to judicial review unless there is a clear violation of statutory provisions or material irregularity in the insolvency process.

The Court therefore upheld the October 2024 order of the NCLAT and confirmed SEML as the successful resolution applicant for SKS Power Generation (Chhattisgarh) Ltd.

Tribunal Decree

APTEL's Rulings



APTEL dismisses IEX challenge to CERC's day-ahead market coupling directions

The Central Electricity Regulatory Commission (CERC) issued proceedings on July 23, 2025 directing phased implementation of market coupling for the Day-Ahead Market (DAM). Under the proposed round-robin structure, all power exchanges would function as Market Coupling Operator (MCO) on a rotational basis, with Grid Controller of India Limited (Grid-India) serving as a fourth MCO for backup and audit functions. Implementation was targeted for January 2026.

The Indian Energy Exchange Limited (IEX) filed appeal challenging these proceedings. IEX argued that the July 23, 2025, proceedings constituted a quasi-judicial order issued in a suo motu petition, that it lacked adequate reasoning, and that it was issued without properly considering stakeholder submissions or the Grid-India shadow pilot reports.

Market coupling has a legislative basis in Regulation 39 of the CERC (Power Market) Regulations, 2021 (PMR 2021), which defines it as a process for matching bids across all exchanges to determine a uniform market clearing price. However, Regulation 39 stipulates that coupling will take effect only through separate regulations to be issued by the Commission. The July 2025 proceedings were preceded by a consultative staff paper issued in August 2023, which drew 127 stakeholder comments, and a shadow pilot conducted by Grid-India whose reports were submitted in January and June 2025.

Legal Character of the Proceedings

A threshold question before the tribunal was whether the July 23, 2025 proceedings constituted an 'order' challengeable under Section 111(1) of the Electricity Act, 2003, or administrative directions forming part of a pre-legislative process under Section 178.

APTEL held that the proceedings do qualify as an 'order' within the meaning of Section 111(1). However, it characterised them as administrative directions rather than quasi-judicial or legislative acts. Drawing on the Supreme Court's judgment in PTC India Ltd. v. CERC (2010), the tribunal noted that regulations framed under Section 178 constitute subordinate legislation and are not challengeable under Section 111. It found that the impugned directions were preparatory steps intended to initiate a consultative process and software development for shadow pilots, not to create new legal obligations or adjudicate rights.

The tribunal specifically examined each direction in the proceedings. The January 2026 timeline for implementing DAM coupling in round-robin mode was characterised as tentative, given that Regulation 39 of PMR 2021 requires actual implementation through separately issued regulations. Directions to CERC staff on initiating consultations, and to Grid-India on software development, were treated as internal administrative matters. The direction requiring power exchanges to share data was upheld as within the Commission's authority under Regulation 58(5) of the Conduct of Business Regulations and Regulation 49 of PMR 2021.

Notably, January 2026 passed without draft coupling regulations being issued, which the tribunal cited as further confirmation that the directions were not self-executing.

Person Aggrieved

Even accepting the proceedings as an order under Section 111(1), APTEL held that IEX had not established itself as a 'person aggrieved' — a requirement for standing under that provision. Citing the Supreme Court decisions in Bar Council of Maharashtra v. M.V. Dabholkar, Jasbhai

Motibhai Desai v. Roshan Kumar, and Adi Pherozshah Gandhi v. H.M. Seervai, the tribunal stated that aggrievement requires a decision that causes legal injury or adversely affects an existing right.

The tribunal found no such injury at the preparatory stage. All power exchanges, including IEX, continue to operate under the existing market framework. The directions impose no liability and do not alter any legal rights. IEX's concern that market coupling would affect its commercial position was noted but explicitly rejected as insufficient — commercial concerns do not amount to legal injury when regulations have yet to be framed.

The SEBI Insider Trading Angle

During the proceedings, IEX sought to amend its appeal in light of an ex parte interim order issued by SEBI on October 15, 2025. The SEBI order found prima facie evidence of insider trading involving certain CERC officials and external entities allegedly trading on unpublished price-sensitive information connected to the market coupling decision. SEBI impounded approximately Rs 173 crore in allegedly unlawful gains.

APTEL acknowledged the seriousness of the allegations but declined to treat them as a basis for setting aside the impugned directions. It observed that the SEBI order is interim, that investigations are ongoing, and, critically, that the Chairperson and Members of CERC who signed the July 23, 2025 proceedings were not named in the SEBI order.

The tribunal directed CERC to ensure that any officers named in the SEBI order are kept away from the market coupling regulation-making process until investigations conclude. It emphasised that as an independent regulator, CERC must maintain institutional integrity and remain above suspicion.

Significance for the Power Exchange Sector

This judgment does not resolve the substantive debate about market coupling, but it does significantly narrow the legal space for exchange-level resistance. APTEL has confirmed that the preparatory architecture for coupling — consultations, shadow pilots, data sharing — can proceed without judicial interference. The substantive challenge, if any, will only be tenable once actual regulations under Regulation 39 are issued.

For the power exchange sector, the round-robin MCO model represents a fundamental shift from the current fragmented price-discovery framework. Uniform market-clearing price formation across IEX, PXIL, and HPX would level competitive conditions but would also reduce IEX's structural pricing advantage derived from its dominant market share. The IEX share price and broader investor sentiment toward the exchange had been closely tracking this litigation.

The SEBI investigation adds a distinct and unresolved dimension. While the tribunal has separated the regulatory and enforcement tracks, the integrity of the coupling regulation-making process will likely remain under scrutiny. The Commission’s handling of the regulation-making process, and the timeline for issuing draft coupling regulations under PMR 2021, will therefore remain closely watched by market participants.

Outcome

APTEL ultimately dismissed the appeal. The tribunal held that IEX lacked standing as a person aggrieved and that the Commission’s directions constituted preparatory administrative steps within its regulatory functions. It also directed CERC to ensure that the ongoing regulation-making process is insulated from officials named in the SEBI investigation.

APTEL sets aside CERC order referring Mundra UMPP dispute to arbitration

The Mundra Ultra Mega Power Project (UMPP) with a capacity of 4000 MW was developed by Coastal Gujarat Power Limited (CGPL), which has since merged with Tata Power Company Limited (TPCL). Power from the project is supplied to five procurers under a long-term Power Purchase Agreement (PPA) executed in April 2007 through competitive bidding under Section 63 of the Electricity Act. The allocation comprises 1805 MW to Gujarat Urja Vikas Nigam Limited (GUVNL), 760 MW to Maharashtra State Electricity Distribution Company Limited (MSEDCL), 760 MW to Rajasthan distribution companies, 475 MW to Punjab State Power Corporation Limited (PSPCL), and 380 MW to Haryana Power Purchase Centre (HPPC).

From March 2021, CGPL began declaring reduced availability citing changes in Indonesian coal regulations, and the generating station remained shut between September 18 and October 13, 2021. After operations resumed, PSPCL and HPPC alleged that CGPL failed to declare availability in proportion to their contracted shares while continuing to supply power to other procurers. The resulting disputes were brought before the Central Electricity Regulatory Commission (CERC). By order dated November 19, 2025, CERC treated the issues as non-tariff disputes and referred them to arbitration under Section 79(1)(f) of the Electricity Act.

The Appellate Tribunal for Electricity (APTEL) held that CERC can refer disputes to arbitration under Section 79(1)(f) only where the dispute lies within its adjudicatory jurisdiction. It observed that the issues raised in the petitions — including declared capacity, plant availability, recovery of capacity charges, penalties and scheduling obligations — directly affect tariff components under the PPA. The tribunal held that these issues are tariff-linked disputes that fall within CERC's jurisdiction and cannot be treated as purely non-tariff matters for arbitration.

APTEL also examined TPCL's conduct in seeking arbitration. TPCL had already filed replies on the merits and had filed a separate petition seeking affirmative relief before raising the arbitration request nearly two years later. The tribunal held that this was inconsistent with Section 8(1) of the Arbitration and Conciliation Act, which requires a party to seek reference to arbitration before submitting its first statement on the substance of the dispute.

CERC had proposed to retain claims against the Western Regional Load Despatch Centre (WRLDC) while referring the contractual disputes with Tata Power Company Limited (TPCL) to arbitration. APTEL held that such bifurcation was impermissible because the claims against WRLDC regarding scheduling and dispatch obligations and the claims against TPCL concerning non-supply of power were interconnected and arose from the same cause of action. Relying on the Supreme Court decisions in Sukanya Holdings and Booz Allen & Hamilton, the tribunal held that Section 8 of the Arbitration and Conciliation Act does not permit splitting disputes in this manner. APTEL therefore set aside CERC's order dated November 19, 2025 referring the disputes to arbitration. The petitions were restored to CERC, with directions to first determine whether the disputes fall within its jurisdiction under Section 79(1)(b) of the Electricity Act and then adjudicate them accordingly.

TRIBUNAL DECREE

APTEL upholds liquidated damages in SECI solar project delay cases

The Appellate Tribunal for Electricity (APTEL) upheld liquidated damages for delays in two solar projects developed under the Jawaharlal Nehru National Solar Mission (JNNSM) pursuant to Power Purchase Agreements (PPAs) executed with the Solar Energy Corporation of India (SECI).

In the case of Krishna Windfarms Developers Private Limited's 10 MW project in Maharashtra, the PPA executed on August 3, 2016 specified April 10, 2016 as the effective date, resulting in a scheduled commercial operation date (SCOD) of May 10, 2017. The project was commissioned on August 11, 2017. The developer argued that the project timeline should run from the PPA execution date, but APTEL rejected this contention, holding that the developer could not benefit from its delay in executing the agreement. The tribunal also rejected force majeure claims based on land registration delays and demonetization because the developer failed to issue notice within seven days as required under the PPA. APTEL upheld SECI's encashment of the Performance Bank Guarantee (PBG) as liquidated damages, noting that the delay prevented SECI from meeting its obligations under the Power Sale Agreement (PSA) with Maharashtra State Electricity Distribution Company Limited (MSEDCL).

In a related case involving Talettutayi Solar Projects Four Private Limited's 50 MW solar photovoltaic project in Maharashtra, commissioned in August 2017 under a PPA dated April 11, 2016, APTEL similarly rejected force majeure claims due to non-compliance with the seven-day notice requirement. However, the tribunal corrected the commissioning date from August 11 to August 10, 2017 based on documentary evidence, including synchronisation and commissioning certificates. Since August 10, 2017 fell within the three-month window after the SCOD of May 10, 2017, APTEL set aside the tariff reduction ordered by the Central Electricity Regulatory Commission (CERC).

The tribunal nevertheless upheld the imposition of liquidated damages, holding that the delay in commissioning caused legal injury to SECI, which had undertaken supply obligations under a PSA with MSEDCL. Talettutayi Solar was therefore held entitled to the pre-fixed tariff but remained liable for liquidated damages.

APTEL partly allows Amplus Sun Solutions appeal on tariff for 50 MW Haryana solar project

Amplus Sun Solutions Private Limited developed a 50 MW solar project in Bhiwani district, Haryana, commissioned on January 12, 2021. The project was redirected to Haryana Power Purchase Centre (HPPC) after the transmission licensee declined to execute a connection agreement, and a Power Purchase Agreement (PPA) was executed on September 28, 2020.

The Haryana Electricity Regulatory Commission (HERC) initially determined a tariff of Rs 2.48 per kWh in January 2021. After the Appellate Tribunal for Electricity (APTEL) remanded the matter in October 2024, HERC redetermined the tariff at Rs 2.58 per kWh in August 2025.

APTEL held that HERC's reliance on a single solar project to determine the direct current to alternating current (DC:AC) ratio was inadequate and directed the Commission to reassess the issue using appropriate methods such as simulations or expert evaluation. The tribunal also held that evacuation infrastructure up to the interconnection point is recognised as part of project capital cost under the HERC Renewable Energy Regulations, 2017 and directed reconsideration of the Rs 11.29 crore disallowed towards transmission infrastructure.

Pending fresh determination, APTEL granted interim relief by allowing an additional Rs 0.098 per kWh over the tariff fixed by HERC, resulting in a pro-tem tariff of Rs 2.68 per kWh from February 13, 2026 until HERC issues a revised order. The appeal was partly allowed and the disputed issues were remanded to HERC.

APTEL dismisses Bhatnagar challenges in Karnataka rooftop solar dispute

Developers of four rooftop solar projects in Chikkaballapur district challenged actions of the Karnataka Electricity Regulatory Commission (KERC) after Bangalore Electricity Supply Company Limited (BESCOM) terminated their Power Purchase Agreements (PPAs) in 2016–17 for failure to commission the projects within the stipulated timelines. The projects had been proposed under KERC's 2013 tariff order providing Rs 9.56 per unit.

The developers challenged KERC's November 2017 order allowing cancelled projects to commission at revised tariffs or at the Average Power Purchase Cost (APPC) rate of Rs 3.57 per unit.

The Appellate Tribunal for Electricity (APTEL) dismissed the appeal, holding that the developers had not challenged termination of their PPAs and would obtain no practical relief even if the order were set aside. The tribunal also held that the 2017 order was a facilitative measure rather than a fresh tariff determination under Section 64 of the Electricity Act.

APTEL also dismissed a petition under Section 121 challenging a KERC letter directing distribution licensees not to grant commissioning extensions beyond six months. The tribunal held that Section 121 cannot be used to challenge regulatory actions and that the proper remedy was an appeal under Section 111 of the Electricity Act.

TRIBUNAL DECREE

APTEL orders in brief

The APTEL partly allowed appeals by UJVN Limited on tariff for the Pathri Small Hydro Project (20.4 MW) and Mohammadpur Small Hydro Project (9.3 MW), where Renovation, Modernization and Uprating (RMU) works were completed during 2013–2014. UJVN had sought generic tariff under the Uttarakhand Electricity Regulatory Commission (UERC) Renewable Energy Regulations, 2013, but UERC approved project-specific tariffs of Rs 1.37 per kWh and Rs 1.85 per kWh respectively. APTEL upheld the denial of generic tariff and UERC's reliance on capital costs validated by the CEA, but set aside the reduction of the loan component by 75% of subsidy from the MNRE for interest calculation and directed recomputation based on the actual loan amount, while also directing reconsideration of the salvage value of pre-RMU assets in capital cost.

APTEL dismissed a review petition filed by SEPC Power Private Limited in its dispute with TANGEDCO over the mechanism for determining imported coal cost under the variable fuel charge (VFC) provisions of their Power Purchase Agreement (PPA). SEPC argued that the tribunal's January 27, 2025 judgment incorrectly reflected its interpretation of the coal cost cap linked to Argus indices (API3, API5, ICI2, ICI3), but APTEL held that SEPC had given unconditional consent during the November 7, 2024 hearing and had not sought correction of the recorded proceedings. Relying on State of Maharashtra v. Ramdas Shrinivas Nayak, the tribunal held that court records of proceedings are conclusive unless corrected by the same court and that written submissions cannot withdraw or qualify concessions recorded during oral hearings.

APTEL dismissed an appeal by the Nile Condominium Association seeking refund of Rs 44,66,500 in infrastructure sharing charges levied by Haryana Vidyut Prasaran Nigam Limited (HVPNL) for shifting its electricity connection. The Haryana Electricity Regulatory Commission (HERC) had earlier held in a September 21, 2015 order that the September 4, 2014 memo allowing such charges was inconsistent with regulations, but later clarified on January 10, 2019 that the ruling would apply only prospectively. APTEL upheld this clarification, applying the doctrine of prospective overruling recognised in Golak Nath v. State of Punjab, and held that infrastructure charges collected before September 21, 2015 remained valid.

CERC Watch

Central Commission Directives

CERC sets RCO buyout price at Rs 347 per MWh

The Central Electricity Regulatory Commission (CERC) has finalised the buyout price mechanism as an alternative compliance route for Renewable Consumption Obligations (RCO), fixing the rate at Rs 347 per MWh for fiscal years 2024-25 and 2025-26. The order, issued on February 18, 2026, follows a suo-motu petition and a detailed stakeholder consultation process.

The Ministry of Power (MoP), through a notification dated September 27, 2025, specified minimum renewable energy consumption shares for designated consumers, including distribution licensees, open access consumers and captive users. The notification outlined three compliance pathways: direct renewable consumption, with or without storage; purchase or self-generation of Renewable Energy Certificates (RECs); and payment of a buyout price determined by CERC. Amounts collected through the buyout route will be credited to the Central Energy Conservation Fund, with 75% transferred to respective State Energy Conservation Funds to support renewable energy and storage capacity development.

For price determination, CERC reviewed 53 stakeholder submissions and held a public hearing on December 29, 2025. The Commission based the buyout price on weighted average REC prices across Indian Energy Exchange (IEX), Power Exchange India Limited (PXIL) and Hindustan Power Exchange (HPX), along with bilateral transactions executed through licensed traders. The analysis covered the 12-month period from December 2024 to November 2025. The weighted average REC price for this period was Rs 346.74 per MWh, leading CERC to set the buyout price at Rs 347 per MWh for FY 2024-25 and FY 2025-26. For subsequent years up to FY 2029-30, the price will increase annually by 5%: Rs 364 for FY 2026-27, Rs 382 for FY 2027-28, Rs 401 for FY 2028-29 and Rs 421 for FY 2029-30.

Stakeholders raised concerns over the initially proposed price of Rs 245 per MWh, calculated at 105% of the FY 2024-25 weighted average REC price of Rs 232.84, stating that it could weaken long-term renewable procurement signals. Some participants indicated that a lower buyout price could effectively cap REC prices, reduce REC demand and affect investment signals for renewable generators. Distribution companies highlighted the risk of higher compliance costs being reflected in retail tariffs, while the fertiliser sector requested relief from premium pricing due to its regulated operating conditions. CERC noted that REC prices have risen in recent months and therefore adopted a market-linked methodology based on the most recent 12-month weighted average.

On the compliance framework, CERC clarified that its mandate is limited to specifying the buyout price as required under the MoP notification. The Commission stated that it neither intends to establish a hierarchy among the three compliance methods nor has the authority to do so.

The buyout price mechanism has been positioned as a transitional compliance option and will remain applicable until FY 2029-30 unless reviewed by CERC. The order does not define detailed procedures for collection and utilisation of funds, noting that these aspects fall outside the scope of the present proceeding.

In terms of market context, CERC recorded that during FY 2024-25, REC transactions reached 304.18 lakh units on power exchanges at a weighted average price of Rs 225.36 per MWh, and 38.91 lakh units through trading licensees at Rs 291.32 per MWh. This resulted in an overall weighted average REC price of Rs 232.84 per MWh for the fiscal year.

CERC notifies regulations for carbon credit certificate trading

The Central Electricity Regulatory Commission (CERC) has notified the Central Electricity Regulatory Commission (Terms and Conditions for Purchase and Sale of Carbon Credit Certificates) Regulations, 2026 on February 27, 2026, establishing a framework for trading Carbon Credit Certificates (CCCs) on power exchanges. The regulations introduce floor and forbearance prices for CCC transactions and designate Grid Controller of India Limited (GRID-INDIA) as the registry for exchange-based trades.

Issued under the Electricity Act, 2003 and the Carbon Credit Trading Scheme (CCTS), 2023 notified by the Ministry of Power (MoP) in June and December 2023, the regulations define CCCs as tradable instruments representing one tonne of carbon dioxide equivalent (tCO_2e) of greenhouse gas emission reduction, removal, or avoidance. The Bureau of Energy Efficiency (BEE) has been designated as the scheme administrator, while GRID-INDIA will maintain CCC accounts and record exchange-based transactions.

The regulations establish two market segments: the Compliance Market for Obligated Entities required to meet emission intensity targets and the Offset Market for Non-Obligated Entities. Unless permitted otherwise by the Commission, all CCC transactions will take place through power exchanges under the CERC (Power Market) Regulations, 2021. Trading sessions will be conducted monthly or at intervals approved by CERC, and participants will register with the relevant power exchange before trading. Sellers cannot place bids exceeding the CCCs available in their registry accounts, and GRID-INDIA will verify cumulative sale bids across all exchanges.

The regulations introduce floor and forbearance price mechanisms for CCC trading under the compliance market, with final prices to be approved by CERC based on recommendations from BEE. Market prices will be discovered through exchange-based trading processes approved by the Commission. CCC validity will be determined under the Detailed Procedure for Compliance Mechanism and the Detailed Procedure for Offset Mechanism issued under the CCTS. BEE will categorize CCCs applicable to obligated and non-obligated entities, and additional categories may be approved by CERC upon application.

The regulations include safeguards against over-selling of CCCs. Entities that default three or more times within a quarter by attempting to sell certificates exceeding their registry balance will be suspended from CCC trading for six months. GRID-INDIA will publish a monthly list of defaulting entities, while power exchanges will submit transaction reports after each trading session to update CCC balances in buyer and seller accounts. BEE will monitor CCC exchanges and report non-compliance to the Commission.

BEE will also develop detailed procedures governing operational coordination between power exchanges, the registry, and market participants, including registration processes, certificate transfers, and dissemination of market information. CERC, assisted by BEE, will oversee the market under the Power Market Regulations and may issue directions in cases of abnormal price movement, sudden volatility, or unusual trading volumes. The Commission also retains the authority to relax provisions of the regulations through a recorded order after providing an opportunity of hearing to affected parties.

CERC declares GST hike and Supreme Court GIB order as change in law for Avaada solar project

The Central Electricity Regulatory Commission (CERC) held that the increase in Goods and Services Tax (GST) on solar power systems and the Supreme Court's directions on installing bird diverters for protection of the Great Indian Bustard (GIB) qualify as Change in Law events under the Power Purchase Agreement (PPA). The Commission directed compensation to Avaada Sunrays Energy Private Limited (ASEPL) for additional expenditure incurred in developing its 320 MW solar project in Jaisalmer, Rajasthan.

The order dated February 4, 2026 disposed of Petition No. 294/MP/2024 filed by ASEPL against NHPC Limited, Punjab State Power Corporation Limited (PSPCL), and Jammu and Kashmir Power Corporation Limited (JKPCL). ASEPL sought compensation of Rs 44.34 crore, including Rs 41.02 crore due to the GST rate increase and Rs 3.31 crore for installation of bird diverters.

GST amendment as change in law

CERC held that the GST Amendment Notifications dated September 30, 2021 increased the effective tax rate on solar projects from about 8.9% to 13.8% and constituted a Change in Law event since they were issued after the bid submission date of January 31, 2020. The change resulted in additional expenditure of about Rs 41.02 crore for equipment supply and project works.

Supreme Court GIB order

The Commission also held that the Supreme Court's order dated April 19, 2021 in M.K. Ranjitsinh v. Union of India constituted a Change in Law event. ASEPL's 220 kV dedicated transmission line fell within potential GIB habitat and was permitted to remain overhead subject to installation of bird diverters approved by the committee constituted under the Supreme Court's directions. This resulted in additional expenditure of about Rs 3.31 crore.

Preliminary objections rejected

PSPCL's objections on limitation and waiver were rejected. CERC held that the cause of action for the GIB-related expenditure arose on July 18, 2022 when the committee permitted the overhead line with mitigation measures. The petition filed on September 3, 2024 was therefore within limitation. The Commission also held that affidavits before the Punjab State Electricity Regulatory Commission waived claims only for Basic Customs Duty and not for the GST increase or the GIB directive.

Compensation methodology

CERC held that ASEPL is entitled to compensation for the additional expenditure, subject to reconciliation supported by invoices and auditor certificates. Applying the Renewable Energy Tariff Regulations, 2020, the Commission prescribed a discount rate of 9.12% and a 15-year annuity period for recovery.

Carrying cost and Supreme Court proceedings

The Commission allowed carrying cost from the date of expenditure until the date of the order, subject to the lowest of the actual interest rate paid by the petitioner, the working capital interest rate under the tariff regulations, or the late payment surcharge rate under the PPA. Enforcement remains subject to the Supreme Court's interim order dated December 12, 2022 in Telangana Northern Power Distribution Company Limited v. Parampujya Solar Energy Private Limited.

Conclusion

CERC held that the GST amendment notifications and the Supreme Court's GIB directions qualify as Change in Law events under the PPA dated October 19, 2020. NHPC Limited was directed to pay ASEPL after reconciliation of claims, with recovery from beneficiary distribution companies on a back-to-back basis.

CERC reduces contracted capacity of Adani Solar Jaisalmer project to 150 MW

The Central Electricity Regulatory Commission (CERC) held that the contracted capacity of a 300 MW solar project developed by Adani Solar Jaisalmer Two Private Limited, formerly SBSR Power Cleantech Eleven Private Limited, stands reduced to 150 MW due to commissioning delays beyond the contractual long-stop date. The Commission also directed payment of penalties for delayed commissioning and rejected claims by Delhi distribution companies seeking supply from additional capacity.

The ruling dated February 12, 2026 disposed of Petition No. 192/MP/2021 filed by the developer and Petition No. 235/MP/2023 filed by Tata Power Delhi Distribution Limited (TPDDL). The dispute related to a 300 MW solar project in Bikaner, Rajasthan awarded under the Solar Energy Corporation of India Limited (SECI) ISTS Solar Tranche-III scheme.

The project was awarded through tariff-based competitive bidding. SBSR Power Cleantech Eleven Private Limited secured 300 MW at a tariff of Rs 2.61 per kWh through an e-reverse auction held on February 25, 2019. SECI issued the Letter of Award on March 5, 2019 and the Power Purchase Agreement (PPA) was executed on August 20, 2019 with an effective date of July 3, 2019. Power Sale Agreements were signed with TPDDL for 200 MW and BSES Yamuna Power Limited (BYPL) for 100 MW. The scheduled commissioning date was January 3, 2021.

The project received extensions due to COVID-19 and delays in operationalisation of long-term access. SECI extended the commissioning deadline to November 20, 2021 and later permitted commissioning with encashment of the performance bank guarantee until May 20, 2022.

The developer commissioned 50 MW on August 15, 2021, 50 MW on April 4, 2022, and 50 MW on April 11, 2022. An additional 62.5 MW was commissioned on June 20, 2022 after expiry of the long-stop date.

Under Article 4.6.2 of the PPA, if the project is not fully commissioned within the permitted period, the contracted capacity stands reduced to the capacity commissioned within that period. As only 150 MW was commissioned by May 20, 2022, CERC held that the contracted capacity stands reduced from 300 MW to 150 MW. The developer is not required to supply the 62.5 MW commissioned after the deadline.

No penalty applies to the initial 50 MW commissioned before November 20, 2021. Penalties apply to the 100 MW commissioned between January 19, 2022 and May 20, 2022 through pro-rata encashment of the Performance Bank Guarantee. Encashment also applies to the remaining uncommissioned capacity.

TPDDL's claim for supply from the additional 62.5 MW was rejected. CERC held that once the contracted capacity under the PPA is reduced, the Power Sale Agreements stand reduced correspondingly. Claims relating to renewable purchase obligation shortfalls or alternative procurement costs were also rejected.

Final ruling

CERC held that the contracted capacity under the PPA dated August 20, 2019 stands reduced to 150 MW. The developer is not required to supply the 62.5 MW commissioned after the long-stop date to TPDDL. Penalties apply for delayed commissioning and for the remaining uncommissioned capacity under the PPA provisions. The PSAs stand reduced proportionately.

CERC directs Karnataka discoms to pay Rs 67.11 crore to Adani Power

The Central Electricity Regulatory Commission (CERC) ruled in favour of Adani Power Limited (APL) in a dispute over fuel cost pass-through and directed Power Company of Karnataka Limited (PCKL) and six Karnataka distribution companies to release Rs 67.11 crore in withheld energy charges for June and July 2021. The order dated February 25, 2026 in Petition No. 220/MP/2024 also directed payment of Late Payment Surcharge (LPS) under the CERC Tariff Regulations, 2019.

The dispute arose from revised coal prices under a Coal Supply and Purchase Agreement between APL and Glencore International AG for imported coal used at APL's 1200 MW plant, of which 1080 MW is contracted to Karnataka distribution companies under a Power Purchase Agreement dated December 26, 2005. Coal shipments supplied in March–April 2021 were initially billed using a provisional index price. On June 4, 2021, Glencore issued revised invoices reflecting a final benchmark price of USD 107.85 per metric tonne. APL subsequently raised revised tariff invoices, but PCKL declined to accept the revised claims for June and July 2021.

CERC held that the supply agreement allowed provisional billing subject to adjustment once benchmark prices were finalised and that the PPA operates under a cost-plus tariff framework allowing recovery of actual fuel costs. The Commission noted that PCKL had already accepted the revised price for April and May 2021 and found no evidence that APL delayed disclosure to influence merit order dispatch.

CERC therefore directed PCKL and the ESCOMs to pay the withheld amount of Rs 67.11 crore along with applicable LPS within 30 days. The petition was disposed of with these directions.

CERC grants transmission licences for three ISTS projects

The Central Electricity Regulatory Commission (CERC) granted transmission licences to Powergrid Prayagraj Transmission Limited, TP Paradeep Transmission Limited, and Angul Sundargarh Transmission Limited for inter-state transmission system (ISTS) projects. The orders were issued under Section 14 of the Electricity Act, 2003.

CERC granted a licence to Powergrid Prayagraj Transmission Limited for a 765 kV transmission project strengthening the Northern Region–Western Region corridor, with annual transmission charges of Rs 3,231.30 million. A licence was also granted to TP Paradeep Transmission Limited for the Eastern Region Expansion Scheme–XXXIV with annual transmission charges of Rs 2,561.83 million.

The Commission approved a uniform infrastructure cost of Rs 16 lakh per MW for certain bulk consumers seeking General Network Access or GNARE at specified pooling stations.

In a separate order, CERC granted a licence to Angul Sundargarh Transmission Limited for looping of the Angul–Sundargarh 765 kV line at the NLC Talabira switchyard, with annual transmission charges of Rs 431.11 million. The Commission directed that transmission charges for this project be recovered from the generating station.

All licences are valid for 25 years and remain subject to applicable regulatory conditions.

CERC adopts tariffs for NHPC FDRE tender and three transmission projects

The Central Electricity Regulatory Commission (CERC) adopted tariffs in four petitions under Section 63 of the Electricity Act, 2003 covering procurement of firm and dispatchable renewable energy (FDRE) power and three inter-state transmission system (ISTS) projects. The orders were issued between February 4 and February 27, 2026.

In Petition No. 235/AT/2025, CERC adopted tariffs of Rs 4.37–Rs 4.38 per kWh discovered through NHPC Limited's bidding for 2100 MW of FDRE power integrated with energy storage. However, the Commission restricted Greenshoe allocations granted to Avaada Energy Private Limited and Hexa Climate Solutions Private Limited to their original capacities, noting that the Greenshoe mechanism is not specified in the Ministry of Power guidelines.

In three other petitions, CERC adopted transmission tariffs discovered through tariff-based competitive bidding for ISTS projects. The adopted annual transmission charges were Rs 3,231.30 million for the Vindhyachal–Varanasi Transmission Limited project, Rs 2,561.83 million for the Eastern Region Expansion Scheme–XXXIV project developed by TP Paradeep Transmission Limited, and Rs 446.99 million for the POWERGRID Mandsaur Augmentation Transmission Limited project.

The bidding processes were conducted under Ministry of Power guidelines with PFC Consulting Limited acting as Bid Process Coordinator, and CERC held that the processes complied with the applicable framework.

CERC grants inter-state trading licences to three companies

The Central Electricity Regulatory Commission (CERC) granted inter-state electricity trading licences to KPI Green Energy Limited, K.P. Energy Limited, and Greensure Trading Private Limited, while dismissing two petitions for non-prosecution. The orders were issued between February 9 and February 27, 2026 under Section 14 of the Electricity Act, 2003.

CERC granted a Category IV trading licence to KPI Green Energy Limited (Petition No. 871/TD/2025) after the company demonstrated the required net worth of Rs 10 crore and compliance with prescribed financial ratios. A Category V licence was granted to K.P. Energy Limited (Petition No. 868/TD/2025) based on the minimum net worth requirement of Rs 2 crore. In Petition No. 46/TD/2026, the Commission granted a Category V licence to Greensure Trading Private Limited after confirming compliance with financial and procedural requirements.

Two petitions were dismissed. The petition filed by Top Notch Energy Solutions (Petition No. 50/TD/2026) was dismissed after the applicant failed to appear at the hearing. The petition filed by PFC Consulting Limited (Petition No. 67/TD/2025) was also dismissed for non-prosecution due to non-appearance.

The licences were granted under the CERC (Procedure, Terms and Conditions for Grant of Trading Licence and Other Related Matters) Regulations, 2020. Category IV licences require a minimum net worth of Rs 10 crore, while Category V licences require Rs 2 crore. The licences are valid for 25 years and remain subject to compliance with regulatory conditions.

SERC Watch

State Commission Directives

Tamil Nadu

Tamil Nadu notifies new electricity grid code, replacing 2005 framework

The Tamil Nadu Electricity Regulatory Commission (TNERC) has notified the Tamil Nadu Electricity Grid Code, 2026, establishing a comprehensive framework for the operation, maintenance, and development of the state's intra-state transmission system. Issued on February 13, 2026, the new code repeals the Tamil Nadu Electricity Grid Code, 2005, ending a framework that had governed the state's grid operations for over two decades.

The code applies to the State Load Despatch Centre (SLDC), all users connected to the intra-state transmission system, transmission licensees, generating stations, open access customers, and consumers connected to the distribution system at 33 kV and above.

Alignment with the National Grid Code

The immediate trigger for the revision was the Central Electricity Regulatory Commission's notification of the Indian Electricity Grid Code (IEGC), 2023, which updated the 2010 national framework and introduced several new provisions, including declaration of commercial operation dates for generating stations, mandatory trial runs, system planning for 765 kV circuits, compensation mechanisms for under-utilised thermal plants, and greater flexibility in revising capacity schedules.

Following that notification, the Central Electricity Authority advised all State Electricity Regulatory Commissions in April 2025 to align their state grid codes accordingly. The Ministry of Power reinforced this directive in December 2025, framing the alignment exercise as part of the broader "One Nation, One Grid" policy. Tamil Nadu's 2026 code is a direct response to both instructions.

Where Tamil Nadu Has Diverged

While the new code broadly incorporates the IEGC 2023 framework, TNERC introduced six state-specific deviations to reflect the realities of Tamil Nadu's grid.

On scheduling timelines, revisions to declared capacity and schedules will take effect from the sixth time block rather than the seventh or eighth block prescribed under the national code, enabling a faster response to changing grid conditions. In cases of transmission bottlenecks or evacuation constraints, revisions will take effect from the next time block, again a tighter window than the IEGC allows. This flexibility is particularly important for a state with high renewable energy penetration, where generation can shift quickly.

The voltage operating limits for 220 kV and 110 kV systems follow Tamil Nadu-specific bands, including a tolerance of plus or minus 10% for 220 kV systems, rather than the uniform limits prescribed nationally. The deviation reflects the transmission constraints and concentration of renewable generation in certain parts of the state.

Renewable energy generators are required to submit day-ahead forecasts with a tolerance of plus or minus 15%, extendable to plus or minus 20% during monsoon periods, compared to the plus or minus 12% band under the IEGC. This wider allowance acknowledges the pronounced variability of wind and solar generation in Tamil Nadu's seasonal conditions.
The remaining deviations are more technical in nature. The definition of "Hot Start" has been revised in line with the CEA (Technical Standards for

Construction of Electrical Plants and Electric Lines) Regulations, 2022, and a new definition of "Drawee Entity" has been introduced to clearly identify entities drawing power from the transmission system.

Commissioning and Commercial Operation

The code specifies trial run requirements for all categories of generating stations, including thermal, hydro, gas, wind, solar, energy storage, and hybrid projects. Thermal generating units must demonstrate continuous operation at maximum continuous rating for 72 hours. Renewable energy projects may declare commercial operation after demonstrating performance consistent with available resource conditions, a more flexible standard that reflects the nature of variable generation.

All thermal stations above 200 MW and hydro stations above 25 MW must confirm that automatic generation control systems are enabled and integrated with the appropriate load despatch centre before declaring commercial operation.

Protection, Metering, and Cyber Security

The code introduces structured requirements across three areas that have grown significantly in importance since the 2005 framework was drafted.

On protection, users with substations at 230 kV and above must conduct internal protection audits annually and third-party audits once every five years. Protection performance indices are to be submitted monthly to the Protection Coordination Committee and SLDC.

On metering, interface meters must meet accuracy class 0.2S, record data at 15-minute intervals, synchronise time through GPS, and support remote data communication. Meters must store at least 40 days of data with a minimum retention period of ten years without battery backup.

On cyber security, all users, SLDC, the State Transmission Utility, and third-party agencies must implement frameworks in accordance with the Information Technology Act, 2000, and the CEA Cyber Security Guidelines, 2021. Entities are required to conduct regular cyber security audits and report incidents immediately to relevant government agencies, SLDC, and the Commission. This is a notably more formal requirement than anything in the 2005 code, reflecting how significantly the threat landscape has changed.

Governance and Penalties

SLDC is responsible for monitoring compliance. Violations, including incorrect capacity declarations, failure to comply with SLDC instructions, non-submission of data, or non-payment of charges, may attract financial penalties of up to Rs 5 lakh. Continued non-compliance may result in disconnection.

A Grid Code Review Committee of up to 12 members representing all key stakeholders will oversee implementation and recommend amendments. SLDC has been given 60 days from the code's issuance to prepare detailed operating procedures for Commission approval.

TNERC rules emission norms a change in law for pre-2015 thermal generators

The Tamil Nadu Electricity Regulatory Commission has held that revised nitrogen oxide emission standards introduced by the Ministry of Environment, Forest and Climate Change between 2015 and 2022 constitute a Change in Law event under power purchase agreements executed before December 7, 2015. In doing so, the Commission granted in-principle approval to OPG Power Generation Private Limited to incur Rs 14.16 crore in capital expenditure for installation of a De-NOx system at its thermal generating station.

The ruling, issued on February 26, 2026, is significant beyond the individual case because it directly addresses two arguments that distribution utilities across India have repeatedly deployed to resist passing through emission control costs to tariffs.

The Environmental Clearance Argument

The distribution licensee argued that generators had always been required to allocate funds for environmental protection under the terms of their project environmental clearances, and that emission control expenditure therefore did not represent a new legal obligation.

TNERC rejected this squarely. The Commission observed that OPG's environmental clearance, issued in 2011, contained no specific requirement to install De-NOx systems. Mandatory nitrogen oxide emission limits were introduced only through the MoEF&CC notification of December 7, 2015. The obligation was therefore genuinely new, not a pre-existing requirement dressed up as a change in law.

The Commission also noted the equity dimension. Accepting the distribution licensee's argument would create unjustified discrimination between generators facing identical compliance requirements, purely on the basis of when their power purchase agreements happened to be signed.

The Limitation Argument

The second argument raised was that the limitation period for filing a Change in Law claim began running from the 2015 notification itself, and that OPG's claim was therefore time-barred.

TNERC rejected this as well. The Commission pointed out that compliance timelines for emission standards had been extended multiple times since 2015, with the final deadline for Category-C plants fixed as December 31, 2024. A Change in Law notice filed in December 2023 was therefore squarely within the applicable timeframe. It would be unreasonable, the Commission reasoned, to expect generators to crystallise claims based on a notification whose compliance deadline had not yet been established.

OPG has been granted liberty to file a separate petition for determination of the actual compensation or supplementary tariff to be allowed. The ruling offers useful guidance for thermal generators and distribution utilities elsewhere in the country navigating similar disputes. Both the arguments addressed here are live in proceedings before multiple state commissions, and TNERC's reasoning on each is likely to be cited.

TNERC clears 2.1 GW procurement package for Tamil Nadu

The Tamil Nadu Electricity Regulatory Commission has approved three power procurement proposals of Tamil Nadu Power Distribution Corporation Limited (TNPDCL) through orders issued in February 2026, together covering 1,500 MW of medium-term round-the-clock power, 270 MW of firm and dispatchable renewable energy, and 375 MW of battery storage capacity.

1,500 MW Medium-Term Round-the-Clock Power

TNERC approved consolidation of two earlier authorisations into a single medium-term tender for 1,500 MW of round-the-clock power for a period of five years under the Finance, Own and Operate model. The merged tender combines 800 MW authorised in July 2025 with an additional 700 MW sought in the present petition.

The procurement is driven by a widening capacity gap. Tamil Nadu recorded a peak demand of 20,830 MW in May 2024, and demand is projected to reach 22,955 MW in FY 2026–27. A Central Electricity Authority resource adequacy assessment projects unserved energy of up to 45,587 million units by 2034–35, with deficits concentrated during non-solar hours.

Based on tariff discoveries on the DEEP portal ranging from Rs 5.36 to Rs 5.50 per kWh, TNPDCL has estimated annual expenditure of around Rs 6,143 crore at 85% normative availability. The Commission directed the utility to regularly sell surplus power in the real-time market to optimise procurement costs.

270 MW Firm and Dispatchable Renewable Energy from SECI

TNERC also approved procurement of 270 MW of firm and dispatchable renewable energy from Solar Energy Corporation of India under the interstate transmission system-connected RTC Tranche-IV scheme, for a period of 25 years. The procurement comprises 120 MW at Rs 5.06 per kWh and 150 MW at Rs 5.07 per kWh, with a trading margin of 7 paise per kWh payable to SECI. Commissioning is expected within 24 months of signing the PPA.

The Commission considered the tariffs market-aligned given the firm and dispatchable nature of the supply, and noted that the procurement is consistent with Tamil Nadu's Long-Term Distribution Resource Adequacy Plan. The state faces projected wind renewable purchase obligation shortfalls from FY 2025–26 through FY 2029–30, with total renewable obligations expected to rise from 29.91% in 2024–25 to 43.33% by 2029–30.

375 MW of Battery Storage Across 11 Substations

In a separate order, TNERC adopted capacity charges discovered through competitive bidding for 375 MW or 1,500 MWh of standalone battery energy storage systems to be deployed across 11 substations in the state. Three bidders were selected through an e-reverse auction. Eagle Infra India won 175 MW at Rs 3,15,000 per MW per month, OPG Power Generation secured 175 MW at Rs 3,16,000 per MW per month, and Onward Solar Power was awarded 25 MW at Rs 3,15,000 per MW per month after matching the lowest discovered tariff.

The projects are supported by viability gap funding of Rs 18 lakh per MWh from the Power System Development Fund. The systems are designed to operate at 1.5 cycles per day with four-hour charge and discharge cycles, targeting Tamil Nadu's evening peak demand between 6 PM and 11 PM and morning peak between 6 AM and 9 AM.

The financial case for the procurement is compelling. The Commission estimated savings of Rs 3.84 per unit against evening peak procurement costs of up to Rs 10 per unit, translating into projected savings of around Rs 4,730 crore over the 15-year contract period. TNERC also noted that the discovered tariff compares favourably with a recent Uttar Pradesh Power Corporation Limited tender for similar capacity, which discovered Rs 3.59 lakh per MW per month despite higher viability gap funding support and less demanding operating requirements.

TNERC dismisses hybrid project plea citing absence of policy framework

The Tamil Nadu Electricity Regulatory Commission has dismissed a petition seeking approval for a 1 MW wind-solar hybrid generating station, holding that no project-specific approval can be granted where no state-level hybrid policy or enabling regulatory framework exists.

In its order dated February 19, 2026, the Commission acknowledged that it is empowered to promote renewable energy under Section 86(1)(e) of the Electricity Act, 2003, but held that such promotion cannot be delivered through case-by-case adjudication in a regulatory vacuum.

TNERC identified several essential elements currently missing in Tamil Nadu: a State Wind-Solar Hybrid Policy, tariff principles and determination under the Electricity Act, and regulatory provisions governing scheduling, forecasting, deviation settlement, and energy accounting for hybrid generators. Establishing these requires regulations to be framed under Section 181 of the Electricity Act through a formal process of consultation and notification, and cannot be substituted by adjudication.

The Commission also flagged the practical risks of proceeding without a framework: uncertainty over tariff treatment, unclear grid integration norms, and the possibility of conflict with future state policy directions.

While the Ministry of New and Renewable Energy issued a National Wind-Solar Hybrid Policy in May 2018, Tamil Nadu has not yet notified a corresponding state policy. The state government is in the process of preparing an Integrated Renewable Energy Policy, and a stakeholder consultation was held in May 2025, though a Government Order is yet to be issued.

The petition was dismissed as not maintainable without examination of its technical merits. The petitioner was granted liberty to approach the Commission again once the state government notifies the appropriate policy and regulatory framework.

The ruling effectively sets a clear condition for hybrid energy developers eyeing Tamil Nadu: the enabling environment must come first.

Rajasthan

RERC issues draft regulations on resource adequacy planning framework

The Rajasthan Electricity Regulatory Commission (RERC) has released draft regulations proposing a framework for resource adequacy planning to ensure reliable power supply through systematic demand forecasting and capacity planning. The draft "RERC (Framework for Resource Adequacy) Regulations, 2026" has been issued for stakeholder consultation. Comments may be submitted to the Commission by March 19, 2026.

Alignment with national guidelines

The draft regulations follow the Ministry of Power guidelines on resource adequacy issued on June 28, 2023 under the Electricity (Amendment) Rules, 2022 and are aligned with the model regulations issued by the Forum of Regulators. RERC had earlier included enabling provisions on resource adequacy in the RERC Tariff Regulations, 2025. The proposed framework would also repeal the RERC (Power Procurement Regulations), 2004 and replace them with a planning-based approach to demand forecasting, capacity planning, renewable integration and storage deployment.

Objectives of the framework

The framework seeks to ensure timely addition of generation capacity with adequate reserves to meet projected demand. Distribution licensees would be required to secure sufficient capacity for reliable 24×7 supply while maintaining an optimal mix of long-term, medium-term and short-term procurement. Compliance with Renewable Purchase Obligation targets and national non-fossil capacity goals is also required.

Planning framework

Distribution licensees would prepare resource adequacy plans across three horizons: a ten-year Long-Term Distribution Resource Adequacy Plan, a five-year Medium-Term plan, and a one-year Short-Term plan, updated annually on a rolling basis. Demand forecasting would use hourly or sub-hourly analysis with methods such as trend analysis, econometric models, ARIMA models and artificial intelligence techniques. Multiple demand scenarios would also be developed.

The State Load Despatch Centre (SLDC) would provide deviation settlement accounts and aggregate demand forecasts at the state level while accounting for load diversity and seasonal variation.

Capacity credit and reserve margin

The draft regulations introduce capacity credit factors for contracted resources based on a five-year rolling average and a net-load approach. Planning Reserve Margins would be determined using reliability indices such as Loss of Load Probability and Normalized Energy Not Served as prescribed by the Central Electricity Authority.

Procurement requirements

The framework proposes a procurement mix where 75–80% of the requirement is met through long-term contracts, 10–20% through medium-term contracts, and the balance through short-term procurement. Day-Ahead Market and Real-Time Market purchases would not count toward resource adequacy. Distribution licensees would be required to tie up full capacity for the first year of peak demand obligation and at least 90% for the second year.

Planning timeline

Distribution licensees would submit demand forecasts to SLDC by April 30 each year. SLDC would submit state-level projections to the Central Electricity Authority and the National Load Despatch Centre by May 30. After validation by the Central Electricity Authority, the plans would be submitted to the Commission for approval. Non-compliance with resource adequacy requirements would attract charges determined by the Commission.

Institutional arrangements and data requirements

Distribution licensees would establish dedicated resource adequacy planning cells within three months of the regulations coming into force and maintain detailed consumption data for at least ten years. The State Load Despatch Centre would maintain state-level databases and publish monthly Merit Order Dispatch stacks including variable costs of generating stations.

RERC proposes stricter peak-hour penalty for solar-BESS tender

Rajasthan Solarpark Development Company Limited (RSDCL) has approached the Rajasthan Electricity Regulatory Commission (RERC) seeking approval to deviate from central bidding guidelines for a solar-plus-storage project at Pugal Solar Park in Bikaner district. The proposed tender covers 2,450 MW of solar capacity integrated with 1,600 MW/6,400 MWh of Battery Energy Storage Systems (BESS).

The main proposed deviation concerns penalties for failure to supply power during evening peak hours. The Ministry of Power's Firm and Dispatchable Renewable Energy Guidelines, 2023 prescribe a penalty of 1.5 times the Power Purchase Agreement tariff. RSDCL has proposed increasing this to two times the tariff, stating that the current multiplier does not reflect the cost of procuring replacement power during peak demand. RSDCL stated that Rajasthan's average short-term procurement cost between 7 PM and midnight was Rs 6.45 per kWh in FY2025, while the expected project tariff is about Rs 3.40 per kWh. Under the current framework, the penalty would be about Rs 5.10 per kWh.

The tender is divided into two lots: 2,000 MW of solar capacity with 1,320 MW/5,280 MWh of BESS in Lot-1, and 450 MW of solar capacity with 280 MW/1,120 MWh of BESS in Lot-2. Developers will sign 25-year Power Purchase Agreements with Rajasthan Urja Vikas and IT Services Limited acting as intermediary procurer. The petition also proposes minimum bid sizes of 250 MW and 225 MW for the two lots and treating the 2 paise per kWh Payment Security Fund charge as a ceiling rather than a mandatory levy. RERC has invited stakeholder comments by March 21, 2026.

RERC notifies second amendment to Electricity Supply Code Regulations

The Rajasthan Electricity Regulatory Commission (RERC) has held that the Supreme Court's directions requiring installation of bird flight diverters (BFDs) for protection of the Great Indian Bustard (GIB) constitute a Change in Law event, allowing wind power developers to recover compliance costs.

The order dated February 20, 2026 partially allowed a petition filed by Apraava Renewable Energy Private Limited seeking recovery of about Rs 12.27 crore spent on installing BFDs on transmission lines linked to its wind projects in Jaisalmer district. RERC also relied on its earlier order in Ratedi Wind Power Private Limited and Others v. Rajasthan Urja Vikas Nigam Limited and Others, which had recognised GIB-related expenditure as a Change in Law event.

RERC held that the limitation period began on November 30, 2022 when the Supreme Court approved technical specifications for bird flight diverters, rather than April 19, 2021 when the Court first issued directions on GIB protection.

Since the petitioner issued the Change in Law notice in April 2025, the Commission allowed carrying cost only from the petition filing date, May 30, 2025, until the date of the order.

The expenditure will be recovered through annuity payments with a 9% discount rate over 15 years or the remaining PPA term, whichever is shorter. Rajasthan Urja Vikas and IT Services Limited will make monthly payments from the 60th day after the order or after reconciliation of claims.

Gujarat

GERC adopts tariffs for 1,665 MW BESS under GUVNL Phase-VII tender

The Gujarat Electricity Regulatory Commission (GERC) has adopted tariffs for 1,665 MW of standalone battery energy storage system (BESS) capacity, equivalent to 3,330 MWh, under Gujarat Urja Vikas Nigam Limited's (GUVNL) Phase-VII BESS tender. The order was issued on February 21, 2026.

Strong Bidder Interest

The tender, floated in July 2025 for up to 2,000 MW or 4,000 MWh, drew 22 bids aggregating 7,495 MW, nearly four times the tendered capacity. After technical evaluation, 20 bidders qualified to submit financial bids. The level of participation points to growing developer confidence in the battery storage segment, where both technology costs and procurement frameworks have matured considerably over the past few years.

Initial financial bids ranged from Rs 2.08 lakh to Rs 3.90 lakh per MW per month. Following an e-reverse auction, nine bidders falling within the L1 plus 2% band were awarded a combined capacity of 1,665 MW. The final approved tariffs range from Rs 1,85,390 to Rs 1,89,000 per MW per month, representing a reduction of 11% to 40% from the initial price offers, reflecting the competitive pressure the auction process generated.

The largest allocations went to Ultimate Flexipack Limited with 450 MW and Sun Drops Energia Private Limited with 445 MW. The remaining capacity was distributed among Engie Energy India Private Limited, Mecpower Solutions Limited, Samavist Energy Solutions Private Limited, Stockwell Solar Services Private Limited, Solar91 Cleantech Private Limited, Viviana Power Tech Private Limited, and Rajesh Power Services Limited.

Viability Gap Funding

The projects are supported by Viability Gap Funding (VGF) of Rs 18 lakh per MWh from the Power System Development Fund (PSDF), to be released in three tranches tied to financial closure, commissioning, and completion of the first year of operation. The VGF support reflects the fact that, despite falling costs, standalone storage projects in India still require some degree of financial bridging to be commercially viable at scale.

How Gujarat Compares

The approved tariffs are broadly in line with recent BESS procurements elsewhere in the country, though Gujarat's rates sit at the higher end. Maharashtra State Electricity Distribution Company Limited discovered tariffs of around Rs 1.65 lakh per MW per month, and Andhra Pradesh Transmission Corporation Limited discovered tariffs between Rs 1.48 lakh and Rs 1.65 lakh per MW per month. Rajasthan Urja Vikas Nigam Limited came in at around Rs 1.77 lakh per MW per month. The differences likely reflect variations in project scale, grid infrastructure requirements, and the specific terms of each tender.

More Rounds to Come

GERC noted that Gujarat's Energy Storage Obligation trajectory rises from 1.5% of consumption in FY 2025–26 to 4% by FY 2029–30. The Central Electricity Authority has projected a requirement of 4,517 MW of BESS capacity for GUVNL alone by FY 2029–30, meaning the Phase-VII tender is one of several rounds that will be needed to meet the state's storage targets. Developers and investors tracking India's storage market will find Gujarat's procurement pipeline worth watching closely in the years ahead.

GERC rules capacitor bank billing dispute out of its jurisdiction

The Gujarat Electricity Regulatory Commission has dismissed a petition that sought a state-wide technical investigation into alleged excess electricity billing caused by capacitor banks during the COVID-19 lockdown, ruling that the matter falls outside its jurisdiction.

The petition, filed in 2022, asked GERC to constitute a technical team to examine whether electricity meters had incorrectly recorded capacitive reactive current as active consumption during the lockdown, when most industrial facilities were idle. The petitioner argued this had resulted in inflated bills across a large number of consumers.

In its order dated February 7, 2026, GERC rejected the petition on two grounds. First, the Commission held that individual consumer billing and metering disputes fall under the jurisdiction of the Consumer Grievance Redressal Forum under Section 42(5) of the Electricity Act, 2003, and cannot be adjudicated by the Commission itself.

Second, GERC held that petitions in the nature of public interest litigation are not maintainable before statutory regulatory commissions. Under GERC's own Conduct of Business Regulations, only persons with a direct stake in a dispute may file petitions. Since the petitioner could not establish such standing, the Commission declined to hear the matter.

The ruling is a useful reminder of where regulatory commission jurisdiction ends and consumer forum jurisdiction begins, a boundary that frequently generates confusion among industrial consumers and their advisors.

Gujarat's electricity regulator has approved short-term procurement of 290 MW to 800 MW of round-the-clock power by GUVNL for the period March to June 2026, ahead of an anticipated peak power deficit of up to 3,042 MW during the summer months.

The procurement follows a January 2026 tender that drew seven technically qualified bidders, all of whom offered supply in the round-the-clock segment. No bids were received for peak power supply. GERC approved tariffs discovered through the DEEP portal ranging from Rs 5.44 per kWh for March to Rs 6.82 per kWh for April. Successful bidders include Tata Power Trading Company Limited, NTPC Vidyut Vyapar Nigam Limited, PTC India Limited, and three others. GUVNL has been directed to execute power purchase agreements and disclose bid details publicly in line with Ministry of Power transparency guidelines.

Karnataka regulator sets open access surcharge at 40 paise, well below utility's ask

The Karnataka Electricity Regulatory Commission (KERC) has determined an additional surcharge of 40 paise per unit for open access consumers across all Electricity Supply Companies in the state, after a contested proceeding in which the utility's initial proposal of Rs 1.65 per unit was whittled down through amendments, objections, and the Commission's own independent recalculation.

The Background

The surcharge mechanism under Section 42(4) of the Electricity Act, 2003 allows distribution licensees to recover fixed costs that become stranded when consumers shift to open access and begin sourcing power from alternative suppliers. The licensee continues to service debt and pay fixed charges on capacity contracted under long-term power purchase agreements, but without the consumer load that justified that capacity. The additional surcharge is intended to ensure that this burden does not fall on remaining consumers.

Bangalore Electricity Supply Company Limited, representing all ESCOMs in Karnataka, filed a petition in 2025 seeking determination of the surcharge for FY 2025–26. The Commission admitted the petition in September 2025 and invited stakeholder comments before holding public hearings in December 2025.

A Proposal That Changed Mid-Proceedings

BESCOM's initial proposed surcharge of Rs 1.65 per unit was based on a stranded fixed cost estimate of Rs 1028.29 crore, derived from stranded capacity of 1033.46 MW calculated using 15-minute interval data from the State Load Despatch Centre. The calculation used a per MW fixed charge of Rs 0.99 crore drawn from the 2024 Tariff Order, applied against open access consumption of 6,247.82 million units during FY 2024–25.

However, before the hearings concluded, BESCOM revised its proposal downward to Rs 0.58 per unit after acknowledging that demand charges already paid by open access consumers, amounting to Rs 667.27 crore, should be deducted to prevent double recovery. This brought the stranded cost estimate down to Rs 361.01 crore.

Objections from Generators and Consumer Groups

The revised proposal still drew significant opposition. Generators and consumer groups including Kare Power Resources, the Renewable Energy Developers Association of Karnataka, Renew Power, and Avaada Energy argued that BESCOM had not demonstrated that stranded costs were caused solely by open access consumers, and cited rulings of the Supreme Court and the Appellate Tribunal for Electricity in support of a higher evidentiary standard.

Several parties also raised the broader policy concern that a surcharge at the proposed levels would make open access transactions economically unviable, undermining the competitive framework that the National Electricity Policy is intended to support. The Federation of Karnataka Chambers of Commerce and Industry noted that similar issues were pending before appellate authorities.

More specific methodological objections were raised as well. Critics pointed to the exclusion of Karnataka Power Corporation Limited hydro stations from the fixed cost calculations, the inconsistency of using 15-minute interval data for generation but not for open access consumption, and the proposed retrospective

application of the surcharge from April 2025. Two parties, Amplus Energy Solutions and Matrix Wind, presented their own calculations suggesting the surcharge should be as low as 0.36 paise or even a fraction of a paise per unit.

How KERC Worked Through the Disputes

The Commission addressed each contested point methodically before arriving at its own figure.

On the legal framework, KERC confirmed that additional surcharge is a valid cost recovery mechanism, citing Supreme Court judgments in Sesa Sterlite versus OERC and MSEDCL versus JSW Steel. The principle is that fixed costs stranded by consumer migration must be recoverable, otherwise they are effectively cross-subsidised by consumers who remain with the licensee.

On demand charge deductions, KERC agreed with BESCOM's amended approach and noted that deducting already-collected demand charges is consistent with methodologies used in Telangana, Tamil Nadu, and Gujarat, and has been upheld by APTEL. The adjustment prevents double recovery and is a matter of straightforward fairness.

On the hydro station exclusion, KERC accepted BESCOM's explanation that hydro plants operate seasonally and are not backed down due to open access, though it directed stricter compliance in future filings.

On data limitations, BESCOM's use of a 25% load factor for renewable-based open access was accepted as a reasonable approximation given that generators do not currently provide 15-minute interval data to SLDC.

The Commission also rejected the argument that stranded capacity would resolve itself within four years, noting that variable renewable-based consumers may return to the grid during periods of low generation, requiring the licensee to maintain backup capacity regardless.

The Final Arithmetic

For its own calculation, KERC used audited figures from Annual Performance Review petitions rather than BESCOM's estimates, which brought the per MW fixed cost down from Rs 0.99 crore to Rs 0.88 crore. After working through the revised fixed and transmission charges and deducting Rs 1,506.91 crore in demand charges already recovered from open access consumers, the net stranded charges came to Rs 247.61 crore. Divided across open access sales of 6,247.82 million units, this produced a surcharge of 40 paise per unit.

Scope and Conditions

The surcharge applies prospectively from March 2026 for energy consumed from February 2026 onwards, and will remain in force until the surcharge for FY 2026–27 is determined. It does not apply to captive consumption or electricity sourced from non-fossil fuel-based waste-to-energy plants. Other licensees in the state, including Mangalore Special Economic Zone Limited, AEQUS Special Economic Zone, and Hubli Electricity Rural Co-operative Society, have been directed to collect the surcharge from their open access consumers and remit amounts to the respective ESCOMs within one month.

The Commission also directed BESCOM to file future petitions in a timely manner to avoid the need for retrospective recovery. The order remains subject to the outcome of pending proceedings before the High Court of Karnataka concerning the KERC (Terms and Conditions of Open Access) Regulations, 2025.

KERC notifies regulations outlining roadmap for cross-subsidy reduction

The Karnataka Electricity Regulatory Commission has notified the Karnataka Electricity Regulatory Commission (Roadmap for Reducing Cross-Subsidy and Cross Subsidy Surcharge) Regulations, 2026, establishing a structured framework for the gradual elimination of large cross-subsidy gaps in the state's electricity tariff structure. The regulations were finalised on February 17, 2026 following a public consultation process and in compliance with a direction from the High Court of Karnataka.

The Statutory and Policy Background

The Electricity Act, 2003 requires State Electricity Regulatory Commissions to progressively reduce cross-subsidies across consumer categories. The Tariff Policy issued by the Ministry of Power in January 2016 reinforces this by requiring tariffs to gradually move toward a band of plus or minus 20% of the average cost of supply, with intermediate milestones set out in a notified roadmap.

The immediate trigger for Karnataka's regulations was an order dated December 20, 2024 from the High Court of Karnataka, disposing of a writ petition filed by Renew Wind Energy (Karnataka) Private Limited. The Court directed KERC to specify a regulatory framework for progressively reducing cross-subsidies and the cross subsidy surcharge.

KERC noted that over 24 years of tariff determination it has already reduced cross-subsidies substantially, and that most industrial and commercial categories now pay cross-subsidy levels within the 20% threshold. The remaining outliers are concentrated in two specific consumer categories.

The Two Categories Singled Out

Using the Multi-Year Tariff Order issued in March 2025 as its reference, the Commission identified two categories with cross-subsidy levels significantly outside the prescribed band.

LT-6c, covering electric vehicle charging stations, shows a cross-subsidy level of minus 48.83% for FY 2027–28, while HT-3, covering private lift irrigation consumers, shows an even larger gap of minus 78.98%. Both have historically been shielded from cost-reflective pricing, one as a policy lever for EV adoption, the other on account of its agricultural constituency. The regulations now set a clear timeline for unwinding that protection.

The Reduction Schedule

For LT-6c, the cross-subsidy level will be reduced to below minus 20% over six financial years from FY 2028–29 at 5% per year. For HT-3, the annual reduction will be 10%, reflecting the larger gap.

As these categories are brought closer to cost-reflective pricing, the Commission will correspondingly adjust tariffs for categories currently bearing the cross-subsidy burden, ensuring costs are not simply shifted from one group to another.

For categories outside the roadmap, tariff adjustments will not exceed 5% of the cross-subsidy level prevailing in FY 2027–28 and must remain within the plus or minus 20% band. On the cross subsidy surcharge, the regulations adopt the methodology and trajectory specified in the Government of India's Tariff Policy.

Maharashtra

MERC proposes renewable energy tariffs for FY 2026–27

The Maharashtra Electricity Regulatory Commission (MERC) has issued a draft order proposing electricity tariffs for rooftop solar projects, as well as variable charges for biomass and non-fossil fuel-based cogeneration projects, for the financial year 2026–27. Released under Case No. 1/SM/2026, the draft invites feedback from stakeholders within a 30-day window closing on March 20, 2026.

The Regulatory Framework

The draft has been prepared under the MERC (Terms and Conditions for Determination of Renewable Energy Tariff) Regulations, 2019, which were extended in January 2025 to cover the period from FY 2025–26 through FY 2029–30.

Under this framework, tariffs for most renewable technologies, including wind, solar, biomass, cogeneration, and hybrid projects, are expected to emerge through competitive bidding in line with Central Government guidelines under Section 63 of the Electricity Act, 2003. MERC therefore does not set generic tariffs for these categories and instead adopts whatever rates are discovered through that bidding process.

The exception to this rule is rooftop solar PV projects and variable charges for biomass and cogeneration projects, for which the regulations still require MERC to determine generic tariffs directly.

Tariff for Surplus Rooftop Solar Power

For rooftop solar installations, the regulations call for generic tariffs to be based on the most recent competitively discovered rate, preferably from procurement by distribution licensees within Maharashtra, or failing that, from other states.

Since no Maharashtra licensee has yet run a competitive bidding process specifically for rooftop solar, and since tariffs from other states often include local subsidies that make them unsuitable benchmarks, MERC has proposed to use the latest grid-scale solar tariff as its reference point instead. That reference comes from a March 2025 order in which MERC adopted tariffs ranging from Rs 2.82 to Rs 3.10 per kWh under the Mukhyamantri Saur Krishi Vahini Yojana 2.0 scheme.

On that basis, the draft proposes a generic tariff of Rs 2.82 per kWh for surplus power fed into the grid by rooftop solar systems operating under net metering or net billing arrangements in FY 2026–27. Distribution licensees will be required to purchase this surplus energy at that rate, and such purchases will count toward their solar Renewable Purchase Obligation (RPO) targets.

Gross Metering: APPC-Based Procurement

For rooftop solar systems operating under gross metering, where all generated power flows to the grid, distribution licensees will instead pay their respective Average Power Purchase Cost (APPC). This rate will be fixed for the full term of each energy procurement agreement.

The draft specifies licensee-wise APPC rates for FY 2026–27, calculated by excluding procurement from renewable energy and liquid fuel sources. MSEDCL is proposed at Rs 5.74 per kWh, BEST at Rs 6.65 per kWh, AEML-D at Rs 5.11 per kWh, and TPC-D at Rs 6.01 per kWh. MBPPL, KRCIPL, and GEPL share a rate of Rs 4.33 per kWh, while MADC is proposed at Rs 4.68 per kWh. LBSCML and JNPA are both set at Rs 6.30 per kWh. The proposed rates

for the SEZ and ATIL licensees are Rs 5.79 per kWh for SEZ Manjari, Rs 5.72 per kWh for SEZ Hadapsar, Rs 5.71 per kWh for ATIL Shendra, and Rs 5.60 per kWh for ATIL Bidkin. Eon-I and Eon-II are proposed at Rs 4.32 per kWh and Rs 4.37 per kWh respectively. AEML-SEEPZ has the lowest proposed rate at Rs 2.85 per kWh.

AEML-SEEPZ's rate merits a note: since this licensee plans to source all of its electricity from renewable energy, MERC exercised a special provision under Regulation 77 to consider its entire power procurement basket, rather than the standard renewable-excluded calculation, when arriving at its APPC figure.

Variable Charges for Biomass and Cogeneration

For biomass and non-fossil fuel-based cogeneration projects, the regulations require variable charges to be set based on an independent assessment of fuel prices. MERC had previously commissioned The Energy and Resources Institute (TERI) to study biomass and bagasse availability and fuel price trends across Maharashtra.

Drawing on the TERI study and applying the indexation methodology under Regulations 47 and 57, the Commission has proposed variable charges of Rs 6.87 per kWh for biomass projects and Rs 5.29 per kWh for non-fossil fuel-based cogeneration projects for FY 2026–27. These rates will apply only to existing projects whose energy procurement agreements were signed under earlier generic tariffs, as new projects in these categories will be procured through competitive bidding going forward.

Consultation and Timeline

The proposed tariffs are intended to take effect from April 1, 2026. MERC has called for objections, comments, and suggestions from all relevant parties, including renewable energy developers, distribution licensees, the Maharashtra Energy Development Agency (MEDA), consumers, and the general public.

MERC proposes to halve distribution licence fee to 0.05% of revenue

Maharashtra's electricity regulator has proposed cutting the annual licence fee for distribution licensees from 0.1% to 0.05% of revenues from wheeling and sale of electricity, effectively reversing an increase it introduced just a year ago.

MERC had raised the fee in 2024, citing expanded regulatory responsibilities and new digital and research initiatives taken up after the COVID-19 pandemic. However, the Commission has since acknowledged that the higher rate, combined with steady growth in electricity sales and licensee revenues, has caused the actual fee burden to swell well beyond what was likely anticipated. Left unchanged, MERC noted, the fee could strain licensee finances and indirectly push consumer tariffs higher.

The proposed revision would restore the fee to its pre-2024 level while retaining the existing minimum fee of Rs 5,00,000. If finalised, the lower rate would apply from FY 2026–27 onwards. Stakeholders may submit comments through the E-Public Consultation section of the MERC website until March 19, 2026.

Andhra Pradesh

APERC proposes removal of Rs 0.40 per unit cap on FPPCA

The Andhra Pradesh Electricity Regulatory Commission has proposed removing the Rs 0.40 per unit ceiling on monthly Fuel and Power Purchase Cost Adjustment charges, replacing it with a mechanism that passes actual fuel and power procurement costs directly to consumer bills.

The draft Eighth Amendment to Regulation No. 4 of 2005 was issued on February 18, 2026, with the proposed changes set to take effect from April 1, 2026.

Why the cap became a problem

The Commission noted that the existing ceiling has resulted in the accumulation of significant true-up amounts, which are recovered later and can lead to sudden tariff increases for consumers. Distribution licensees have also faced cash flow pressure from absorbing cost differences over extended periods during volatile fuel price cycles.

Industrial consumers on long-term fixed-price contracts have faced disruption from deferred adjustments, and disputes have arisen between property owners and tenants over liability for past consumption charges when those deferred amounts are eventually recovered.

How the new mechanism will work

The FPPCA will be computed monthly based on the difference between the actual weighted average power purchase cost and the base power purchase cost approved in the Retail Supply Tariff Order. The adjustment will apply uniformly across all consumer categories.

A two-month billing lag will apply. Cost variations recorded in April, for instance, will appear in consumer bills in June. Licensees will be required to publish computed FPPCA details on their websites at least one week before the charges appear in bills. If a licensee fails to raise the charges within the prescribed timeline, the right to recover those amounts will lapse, barring force majeure situations.

The draft allows pass-through of financing costs arising from timing gaps between when FPPCA recovery is due and when it is formally approved in true-up orders. Monthly reports covering source-wise dispatch data, market purchase details, and category-wise sales figures will need to be submitted to APERC and published on licensee websites. The annual true-up or true-down will be determined through separate Commission proceedings or as part of the Annual Revenue Requirement review.

APERC proposes allowing wind-solar hybrid components at different locations

The Andhra Pradesh Electricity Regulatory Commission has proposed allowing wind-solar hybrid projects to site their generating components at different locations, removing the current requirement for a single interconnection point.

The draft amendments, published on February 19, 2026, cover the Renewable Energy Tariff Determination Regulation, 2025 and the Green Energy Open Access Regulation, 2024. The proposal follows representations from industry stakeholders who sought removal of the single-point connectivity requirement, citing the need to site wind and solar resources at locations best suited to each.

Under the proposed framework, hybrid projects will be treated as a single generating entity for scheduling purposes. Each component can connect at the nearest technically feasible point, subject to available network capacity and approval of the State Transmission Utility. Separate schedules will be prepared for each component, and aggregate generation cannot exceed total project capacity in any time block. Excess generation will be treated as inadvertent energy.

For projects with components at different voltage levels, wheeling charges and loss allocation will apply separately to each component at its respective interconnection voltage. Core eligibility conditions remain unchanged, with one renewable source required to be at least 25% of the other's capacity and a minimum capacity utilisation factor of 40%.

Uttar Pradesh

UPERC adopts Rs 2.56–2.57 per kWh tariff for solar procurement

The Uttar Pradesh Electricity Regulatory Commission (UPERC) has adopted tariffs ranging from Rs 2.56 to Rs 2.57 per kWh for 1,300 MW of long-term solar power procurement by Uttar Pradesh Power Corporation Limited (UPPCL). The approval was granted through orders issued on February 6, 2026, covering power purchase agreements with three developers for a tenure of 25 years.

The tariffs were discovered through a competitive e-reverse auction conducted in January 2025. Initial bids ranged from Rs 2.82 to Rs 3.36 per kWh and were reduced to the final discovered tariffs through the auction process, representing a reduction of about 10–24% from the opening bids. Ten bidders participated in the tender, offering an aggregate capacity of 4,350 MW against the tendered capacity of 2,000 MW.

Capacity has been allocated among three developers. NTPC Renewable Energy Limited will supply 1,000 MW at Rs 2.56 per kWh from solar projects located in Lalitpur and Chitrakoot in Uttar Pradesh. Adani Green Energy Sixty-Nine Limited will supply 400 MW at Rs 2.57 per kWh from Mohangarh in Rajasthan, with power delivered at the Uttar Pradesh periphery interconnection point. ReNew Green (HPR One) Private Limited will supply 300 MW at Rs 2.56 per kWh from projects located across Rajasthan, Telangana, Maharashtra, Karnataka, Gujarat, Madhya Pradesh, and Andhra Pradesh.

The procurement forms part of UPPCL’s strategy to meet Renewable Purchase Obligation (RPO) targets, which are projected to increase from 29.91% in FY 2024–25 to 43.33% by FY 2029–30.

UPERC extends hydro power appointed dates to 2032

The Uttar Pradesh Electricity Regulatory Commission has approved an extension of appointed dates under UPPCL's 4,000 MW hydro power procurement tender from 2029 to 2032, allowing a pipeline of cross-border hydroelectric projects in Nepal, Bhutan, and Sikkim to participate in the bidding process.

The Commission added April 1, 2030, April 1, 2031, and April 1, 2032 as eligible appointed dates, alongside the previously approved window of 2026 to 2029.

The extension was sought following feedback from prospective bidders indicating that several large hydroelectric projects under development would not achieve commercial operation before the earlier 2029 deadline.

The identified project pipeline includes Teesta-III in Sikkim at 1,200 MW, expected to commission in 2030. In Nepal, West Seti and Seti River together offer around 1,200 MW expected between 2030 and 2032, while Upper Karnali adds 900 MW expected in 2031. In Bhutan, Dorjiling at 1,125 MW is expected around October 2031 and Wangchhu at 570 MW in 2032. The cumulative capacity of identified projects exceeds 8,000 MW against the procurement target of 4,000 MW.

The Central Electricity Authority, which reviewed the proposed capacity mix, noted that the additions would contribute toward meeting the state's Renewable Purchase Obligation targets but cautioned that delays in commissioning could lead to shortfalls in RPO compliance.

Madhya Pradesh

MPERC grants in-principle approval to Rs 3,486.82 crore transmission investment plan

The Madhya Pradesh Electricity Regulatory Commission has granted in-principle approval to an additional transmission investment plan of Rs 3,486.82 crore proposed by M.P. Power Transmission Company Limited. The approval was issued through an order dated February 23, 2026, covering system strengthening works planned across FY 2025-26 to FY 2028-29.

The investment plan covers construction of new substations, transformer augmentations, network reliability improvements, and transmission infrastructure required to support load growth and generation evacuation across the state.

Among the specific works, Rs 185 crore has been earmarked for infrastructure preparations ahead of the Simhasth 2028 festival in Ujjain. The plan includes two new 132/33 kV substations and transformer augmentations to meet a projected load demand of 676 MVA during the event.

MPPTCL had sought approval for these additional works citing evolving system requirements, including evacuation of power from upcoming thermal and renewable generation projects and compliance with CEA transmission planning criteria.

The current approval is in addition to capital expenditure plans already cleared during the control period, including Rs 7,668.16 crore, Rs 487 crore, and Rs 667 crore approved under earlier petitions, bringing the cumulative approved investment to over Rs 12,300 crore.

Kerala

KSERC issues draft regulations for resource adequacy planning framework

The Kerala State Electricity Regulatory Commission has released draft regulations proposing a structured framework for resource adequacy planning in the state power sector, aimed at ensuring long-term supply reliability as the state pursues an ambitious target of meeting 100% of its energy needs from renewable sources by 2040.

The draft Kerala State Electricity Regulatory Commission (Framework for Resource Adequacy) Regulations, 2026 were issued on February 4, 2026 for public consultation, with stakeholder comments invited within 21 days. The framework implements the Electricity (Amendment) Rules, 2022 and the Guidelines for Resource Adequacy Planning Framework for India issued in June 2023, which require state commissions to frame resource adequacy regulations in line with model regulations issued by the Forum of Regulators.

The Commission noted that Kerala relies significantly on external power procurement and that increasing renewable energy integration introduces variability, seasonality, and intermittency that the new framework is intended to address.

Scope and planning horizons

The regulations apply to generating companies, distribution licensees, the State Load Despatch Centre, the State Transmission Utility, and other grid-connected entities operating in Kerala. Planning horizons defined under the framework include long-term planning over a 10-year horizon, medium-term planning covering one to seven years, and short-term planning for periods up to one year.

Capacity contracting

Distribution licensees must plan to contract capacity equivalent to their contribution to national peak demand multiplied by one plus the National Level Planning Reserve Margin. Long-term power contracts are expected to account for 75 to 80% of the total resource adequacy requirement, medium-term contracts for 10 to 20%, and the balance through short-term procurement. Power purchased through Day-Ahead Market segments on power exchanges will not count toward the resource adequacy requirement.

The regulations specify indicative lead times for different generation technologies: coal-based projects at seven years, hydro at nine years, solar at two years, wind at three years, pumped storage at five years, other storage at two years, and nuclear at nine years.

Monitoring and compliance

Distribution licensees will be required to establish dedicated multi-disciplinary cells for developing and monitoring resource adequacy plans, using advanced analytical tools including artificial intelligence-based forecasting for demand assessment and renewable energy integration. SLDC will submit monthly compliance reports to the Commission, and shortfalls in resource adequacy obligations may attract non-compliance charges.

Licensees must maintain at least ten years of historical consumption data and publish monthly power procurement and sale details on their websites within 15 days.

KSERC proposes stricter reliability standards and automatic consumer compensation

The Kerala State Electricity Regulatory Commission has issued draft amendments to its distribution licensee performance standards, proposing tighter service reliability targets, automatic consumer compensation for service failures, and a phased transition away from diesel generator backup systems.

The draft Kerala State Electricity Regulatory Commission (Standards of Performance of Distribution Licensees) (First Amendment) Regulations, 2026 were released on February 3, 2026 for public consultation, with stakeholder comments invited within 21 days. The amendments align the state's service standards with the Electricity (Rights of Consumers) Rules, 2020 as amended through 2024.

Diesel generator phase-out

The draft introduces a requirement for distribution licensees to ensure 24x7 uninterrupted electricity supply with the objective of eliminating consumer dependence on diesel generator sets. Within six months of notification, licensees must submit a comprehensive scheme to the Commission for decommissioning diesel generator sets used as essential backup power. The scheme must include reliability assessments and a phased transition plan toward Renewable Energy Generating Systems with Battery Storage, along with facilitation measures for consumers making the transition.

Tighter restoration timelines

The amendments propose significant reductions in supply restoration timelines across all fault categories. For fuse-off calls, restoration will be required within four hours in urban areas, six hours in rural areas, and eight hours in difficult areas, reduced from the earlier limits of six, eight, and ten hours respectively.

Breakdown restoration for overhead lines will be required within six, eight, and twelve hours across the three area categories. For underground cable faults and distribution transformer failures, restoration timelines will be reduced to eighteen hours in urban areas, twenty-four hours in rural areas, and thirty-six hours in difficult areas.

Revised targets for the Average Service Availability Index have been set at 99% for urban areas, 98.5% for rural areas, and 98% for difficult areas, up from the earlier targets of 98%, 97.5%, and 97% respectively. The acceptable distribution transformer failure rate has been reduced from 5% to below 3% of total installed transformers.

Formal limits have been set for reliability indices. SAIDI will be capped at 400 minutes per month in urban areas, 600 in rural areas, and 800 in difficult areas. SAIFI will be capped at 30 interruptions per quarter in urban areas, 45 in rural areas, and 60 in difficult areas.

Automatic compensation

Licensees will be required to establish systems within six months to compute and credit compensation automatically through billing platforms, typically within one billing cycle from the date of default.

Compensation has been standardised at Rs 100 per day of delay for most service failures and Rs 200 per week for delays in rectifying voltage fluctuations. The time allowed for payment of compensation has been reduced from sixty days to thirty days. Licensees will also be required to create an online portal within six months where consumers can register and track compensation claims not covered under the automatic mechanism.

Delhi

DERC approves BRPL procurement of 640 MU short-term power

The Delhi Electricity Regulatory Commission has approved BSES Rajdhani Power Limited's proposal to procure up to 640 million units of short-term power for the May to September 2026 period, adopting a weighted average tariff of Rs 5.85 per kWh discovered through tariff-based competitive bidding on the DEEP portal.

The approval, issued through an order dated February 11, 2026, covers procurement initiated to address anticipated summer demand based on projections from the Delhi State Load Dispatch Centre.

The approved procurement comprises 613 MU of round-the-clock power at a weighted average tariff of Rs 5.66 per kWh and 28 MU of peak-hour supply for the 18:00 to 24:00 slot at Rs 10.00 per kWh, yielding the overall blended tariff of Rs 5.85 per kWh. E-reverse auctions for both renewable and conventional power tenders were conducted in January 2026.

The Commission approved the Letters of Award issued on January 22, 2026, directing BRPL to optimise scheduling and utilise any surplus power within Delhi through the Inter-DISCOM Transfer mechanism.

DERC approves PPAC for BYPL and BRPL at rates well below claimed levels

The Delhi Electricity Regulatory Commission has approved Power Purchase Cost Adjustment charges for both BSES Yamuna Power Limited and BSES Rajdhani Power Limited for FY 2025-26, in both cases sanctioning recovery at rates significantly lower than what the licensees had sought.

For BYPL, the Commission approved PPAC recovery for the second quarter of FY 2025-26 at 2.96%, against the licensee's claim of 7.6 to 8.05%. Recovery runs for three months from February 9 to May 8, 2026, with any surplus or deficit to be reconciled during the annual true-up.

BRPL's case involved additional procedural complications. The licensee sought PPAC at 13.14% for the third quarter but had not filed a petition for the second quarter, creating a gap in its recovery chain. DERC declined to extend its earlier interim order beyond February 8, 2026, making clear that third quarter recovery would only begin after scrutiny of the pending claim. Following a bill examination meeting in early February, the Commission approved BRPL's third quarter PPAC at 5.76%, with recovery permitted from February 9 to May 8, 2026.

Telangana

TSERC notifies resource adequacy regulation for power planning in Telangana

The Telangana Electricity Regulatory Commission has notified the Telangana Electricity Regulatory Commission (Framework for Resource Adequacy) Regulation, 2026, bringing a structured resource adequacy framework into force in the state.

The regulation dated February 24, 2026 applies to generating companies, distribution licensees, the State Load Despatch Centre, transmission licensees, and other grid-connected entities in the state. Resource adequacy planning will be carried out on a rolling annual basis over a ten-year horizon.

Distribution licensees must submit category-wise consumption data to the SLDC by April 21 each year, with SLDC consolidating and submitting state-level demand forecasts to the Central Electricity Authority and National Load Despatch Centre by May 31. The Commission will approve resource adequacy plans within sixty days of submission or alongside the retail tariff order, and any capacity shortfall must be contracted by the end of March each year. Licensees must demonstrate 100% resource tie-up for the first year and at least 90% for the second year.

A distinctive feature of the regulation is the requirement for distribution licensees to establish dedicated planning cells within three months, responsible for demand forecasting, capacity planning, and renewable integration. A separate round-the-clock power procurement cell must also be set up to manage real-time electricity procurement and trading through exchanges or bilateral transactions.

Bihar

BERC approves revised capex for smart prepaid metering with conditions on cost recovery

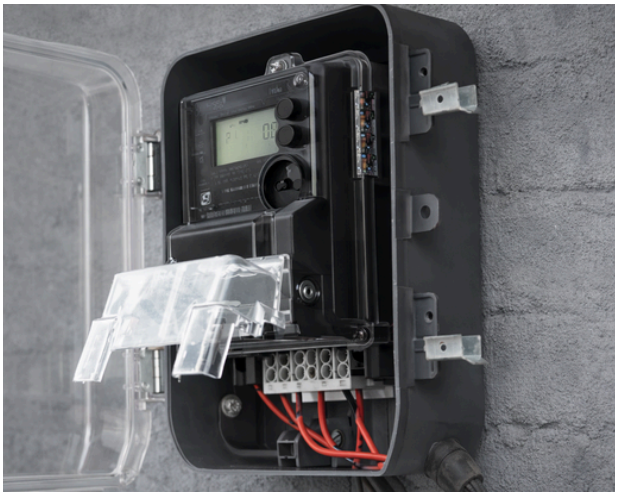
The Bihar Electricity Regulatory Commission has approved revised capital expenditure plans submitted by North Bihar Power Distribution Company Limited and South Bihar Power Distribution Company Limited for the Smart Prepaid Metering Project under Phases II and III, while placing conditions on operational expenditure recovery and flagging a disclosure lapse by the distribution companies.

The common order dated February 4, 2026 covers Phase II, which involves installation of 36 lakh smart prepaid meters across Bihar, and Phase III, which covers an additional 1.12 crore meters. Both phases are being implemented under the Revamped Distribution Sector Scheme through Advanced Metering Infrastructure Service Providers under a hybrid capex and opex model with a 30:70 ratio.

The Commission's approval of opex rental charges is prospective and conditional. Recovery will be allowed only after prudence checks during the truing-up process and subject to adjustment for savings in legacy administrative and general expenses such as manual meter reading, bill distribution, collection franchisee commissions, and defective meter replacement. The Commission noted that these costs were already embedded in normative expenses considered during tariff determination, and allowing rental charges without adjusting for savings would result in double counting. Despite repeated directions, the distribution companies had not submitted statutory auditor certificates demonstrating actual savings from smart meter deployment.

The procedural history adds further context. BERC had granted in-principle approval for both phases in April 2023 but directed the companies to file separate petitions for opex rental charges. The companies did not do so, instead including the charges in tariff petitions for FY 2024-25 and FY 2025-26. In its March 2025 tariff order, the Commission allowed only 75% of Phase II and Phase III rental charges for FY 2023-24, citing the absence of prior approval.

In its concluding observations, BERC noted that the distribution companies had already filed appeals before the Appellate Tribunal for Electricity challenging earlier disallowances but had not disclosed this in the current petitions. The Commission directed that future filings must clearly disclose whether the same issue has been raised before an appellate forum, and clarified that the present approval remains subject to the outcome of those pending appeals.



BERC approves 640 MW renewable power procurement for BSPHCL

The Bihar Electricity Regulatory Commission has approved three power procurement proposals of Bihar State Power Holding Company Limited totalling 640 MW of renewable capacity, through separate orders dated February 5 and February 12, 2026.

The Commission approved procurement of 190 MW of wind-solar hybrid power with Battery Energy Storage System from Solar Energy Corporation of India under the Interstate Transmission System Hybrid Tranche-VI scheme. The project will be developed by Acme Solar Holdings and will provide five hours of assured peak power supply daily during non-solar hours at a tariff of Rs 4.72 per kWh, along with a trading margin of Rs 0.07 per kWh. Commissioning is targeted by January 2028. The project qualifies for a 25% waiver of ISTS transmission charges on solar energy and a 100% waiver on energy discharged from the BESS.

BERC also approved procurement of 450 MW of Firm and Dispatchable Renewable Energy from Satluj Jal Vidyut Nigam Limited under FDRE Tender-IV, again to be developed by Acme Solar Holdings. The project includes storage capacity of 1,800 MWh and will provide four hours of peak power supply daily at a tariff of Rs 6.74 per kWh, along with a trading margin of Rs 0.07 per kWh. Commissioning is scheduled by June 2028, with the developer committed to meeting that deadline to avail the ISTS transmission charge waiver.

The Commission additionally approved short-term procurement of peak power through the DEEP portal for April to September 2026, covering a capacity range of 175 MW to 500 MW. Tariffs discovered through the bidding process ranged between Rs 9.79 per kWh and Rs 13.00 per kWh. PTC India Limited emerged as the sole bidder for the April to June period at Rs 13.00 per kWh.

Bihar is facing a widening Renewable Purchase Obligation gap, projected at 910 million units in FY 2026-27 and rising to 4,347 million units by FY 2029-30. The state also faces acute deficits during evening peak and night-time demand periods, with exchange-based procurement constrained by limited market availability, with clearance rates reported between 32% and 44%.

BERC directed BSPHCL to strengthen advance procurement planning and explore additional allocations from unallocated capacity of central generating stations to address the state's growing demand.

Meghalaya

MSERC proposes new regulatory framework for distributed renewable energy systems

The Meghalaya State Electricity Regulatory Commission has issued draft regulations to govern grid-connected distributed renewable energy systems across the state, proposing to replace the existing rooftop solar net metering framework with a broader regime offering six metering mechanisms for consumers.

The draft Meghalaya State Electricity Regulatory Commission (Grid Interactive Distributed Renewable Energy Sources) Regulations, 2026 were published on February 26, 2026. The Commission has invited stakeholder comments by March 28, 2026. The new framework aligns with model regulations issued by the Forum of Regulators and will, once finalised, repeal the existing net metering regulations of 2015 and subsequent amendments.

The regulations will apply to renewable energy systems with capacity up to 10 MW connected to the distribution network at 33 kV or below, with or without energy storage. Consumers may install and own systems themselves or engage Renewable Energy Service Companies through commercial arrangements, without requiring a tripartite agreement with the distribution licensee. Consumers with pending arrears with the licensee will not be eligible, except where the arrears are disputed and the disputed amount has been deposited.

The six metering mechanisms

Net metering will be available to domestic consumers, agricultural consumers, group housing, charitable institutions, government buildings, and local authorities, with a capacity ceiling of 500 kW. Systems above 10 kW must be equipped with hybrid inverters and battery storage capable of storing at least 20% of the plant's generation potential. Surplus energy injected into the grid during a billing cycle will be carried forward, and any remaining surplus at the end of the financial year will be settled at 75% of the reference tariff.

Net billing will be open to all consumer categories up to 500 kW. Exported electricity will be credited at a rate equal to 100% of the weighted average tariff discovered through competitive bidding for solar projects of 5 MW or above during the previous financial year.

Gross metering will allow installations at locations other than the consumer's own premises, with a maximum capacity of 10 MW. The distribution licensee will purchase the entire electricity generated at the same reference tariff applicable under net billing.

Group net metering will allow eligible consumers to offset consumption across multiple service connections registered in the same name and category using a single system installed at one of those locations. The connection hosting the system must consume at least 20% of the total energy generated.

Virtual net metering will allow a group of consumers in the same category to share the output of a system installed at a different location, with energy credits distributed according to predetermined sharing ratios. Behind-the-meter arrangements will cover systems installed solely for self-consumption without grid export. Consumers must notify the distribution licensee before installation and install reverse power flow relays. Failure to provide intimation within three months will attract a penalty of Rs 1,000 per kW of installed capacity.

Charges, exemptions, and switchover

Electricity generated under net metering, net billing, gross metering, and behind-the-meter arrangements will be exempt from banking charges, wheeling charges, cross-subsidy surcharge, and additional surcharge. For group net metering and virtual net metering, charges will depend on network connectivity, with no additional charges where the system and participating connections share the same distribution transformer line or feeder.

Consumers will be permitted to switch metering mechanisms up to three times during the operational life of a project, subject to a limit of one change per year.

Distribution licensees will be required to issue implementation guidelines within 60 days of notification and establish web-based application portals within three months.

MSERC revises open access charges for FY 2025-26 following APTEL remand

The Meghalaya State Electricity Regulatory Commission has issued revised open access charges for FY 2025-26 following a remand by the Appellate Tribunal for Electricity, which had set aside the Commission's earlier determination of Additional Surcharge, Cross-Subsidy Surcharge, and Central Transmission Utility charge treatment for industrial open access consumers.

Through its order dated February 9, 2026, MSERC approved an Additional Surcharge of Rs 2.27 per unit for April to September 2025, provisionally extended to October 2025 to March 2026 pending reconciliation based on actual data. The surcharge was calculated on the basis of 39,312.97 MWh of capacity assessed as stranded due to open access consumption during the first half of the year. Hydro stations were excluded from the stranded capacity calculation given their must-run status.

On CTU charges, the Commission ruled that no separate CTU charges will be payable by open access consumers to the distribution licensee, since stranded transmission costs are already reflected in the Additional Surcharge.

For Cross-Subsidy Surcharge, MSERC approved Rs 2.03 per unit for HT consumers up to 33 kV and EHT consumers at 132 kV and above, excluding ferro alloy industries. For ferro alloy industries, CSS has been determined as nil.

The revised charges result in a reduction for both consumer segments. EHT ferro alloy consumers will now pay Rs 2.27 per unit against Rs 3.74 per unit under the earlier order. For other EHT consumers, total open access charges will be Rs 4.30 per unit, down from Rs 4.58 per unit.

Himachal Pradesh

HPSLDC seeks HPERC approval for green energy open access procedure

The Himachal Pradesh State Load Despatch Centre has filed a petition before the Himachal Pradesh Electricity Regulatory Commission seeking approval of a detailed procedure for granting short-term green energy open access across the state's intra-state transmission and distribution system.

The petition, filed on February 17, 2026 under the HPERC Terms and Conditions for Green Energy Open Access and Banking Regulations, 2024, follows a draft procedure submitted by HPSLDC to the Commission in January 2025 and directions issued by HPERC on February 4, 2026 to finalise and file the document.

The proposed procedure covers registration through the Green Energy Open Access Registry Portal, roles of transmission and distribution licensees, and the process for obtaining clearances from system operators. Consumers with a contracted demand or sanctioned load of 100 kW or more will be eligible, with no minimum load requirement for captive consumers. Applications from newly connected entities will be processed within seven working days and from existing grid users within three working days, with non-response treated as deemed approval.

Applicable charges include transmission, wheeling, cross subsidy surcharge, additional surcharge, banking, and deviation settlement charges, among others. The procedure also provides that green energy open access transactions will receive priority over other open access categories in cases of system constraints. HPERC has invited stakeholder comments until March 23, 2026, with 51 respondents listed including state utilities, power generators, and large industrial consumers.

West Bengal

WBERC adopts Rs 5.81 per kWh tariff for JSW's 1,508 MW Salboni thermal project

The West Bengal Electricity Regulatory Commission has adopted a tariff of Rs 5.81 per kWh for long-term procurement of 1,508 MW of power from a greenfield thermal power plant to be developed by JSW Energy Limited at Salboni in Paschim Medinipur district.

The Commission approved the discovered tariff through an order dated February 12, 2026 and separately approved the Power Supply Agreement executed on January 20, 2026 through an order dated February 17, 2026. The contracted supply period is 30 years and six months.

Bidding process and tariff discovery
The tender was conducted by the West Bengal Department of Power as nodal agency on behalf of WBSEDCL. Four bidders qualified at the request for qualification stage: JSW Energy, Torrent Power, Adani Power, and DB Power. Three proceeded to submit sealed financial bids.

JSW Energy quoted the lowest initial tariff of Rs 6.182 per kWh, which became the ceiling for the e-reverse auction. Following the auction, JSW Energy emerged as the lowest bidder at Rs 5.81 per kWh, comprising a fixed charge of Rs 4.06 per kWh and a fuel charge of Rs 1.75 per kWh. The Letter of Award was issued on December 31, 2025.

Benchmarking and coal supply
WBERC noted that the discovered tariff is broadly in line with comparable DBFOO-based thermal procurement processes in recent years, with similar tenders in Madhya Pradesh, Bihar, and Assam yielding tariffs ranging from approximately Rs 5.81 to Rs 6.30 per kWh over the past two to three years. Coal supply for the project has been secured under the SHAKTI B(IV) window.

Demand context
The procurement is supported by the Central Electricity Authority's resource adequacy assessment for West Bengal. The additional capacity is intended to address projected demand growth and reduce reliance on short-term market purchases during peak periods, particularly in summer months and during festive seasons.

Chandigarh

Chandigarh to roll out time-of-day tariffs across consumer categories

Chandigarh is set to introduce time-of-day electricity tariffs for all consumer categories, with Chandigarh Power Distribution Limited beginning the rollout with industrial consumers following approval from the Joint Electricity Regulatory Commission.

Under the framework, energy charges will be adjusted using a multiplier ranging from 0.8 to 1.2 on the standard tariff across three time bands. During solar hours from 9 am to 5 pm, consumers will receive a 20% rebate. Standard tariffs will apply during night off-peak hours from 11 pm to 7 am. Peak hours covering 7 am to 9 am and 5 pm to 11 pm will attract a 20% surcharge.

The daytime rebate window coincides with typical industrial operating hours, offering factories an opportunity to reduce power costs by aligning consumption with solar generation periods.

JERC had originally approved the TOD structure in July 2024 when electricity distribution in Chandigarh was managed by the Union Territory electricity department, but implementation did not proceed at that stage. After CPDL assumed distribution operations in February 2025, the company incorporated the TOD framework in its tariff petition. JERC reviewed and confirmed the structure in October 2025.

SERC orders in brief

The Rajasthan Electricity Regulatory Commission (RERC) rejected a petition by Rajasthan Rajya Vidyut Utpadan Nigam Limited (RVUNL) seeking in-principle approval for Rs 363.49 crore in additional capital expenditure incurred after the cut-off date for Units 7 and 8 of the Suratgarh Supercritical Thermal Power Project. The Commission held that the RERC Tariff Regulations, 2019 do not provide for separate in-principle approval of such expenditure and noted that its June 2025 order had already allowed RVUNL time until FY2025–26 to complete pending works under the original scope. RERC also flagged discrepancies in the claims, including Rs 212.36 crore in pending engineering, procurement and construction bills from Bharat Heavy Electricals Limited (BHEL), which BHEL stated was only Rs 5.54 crore, and declined claims such as Rs 25.34 crore towards corporate social responsibility expenditure and Rs 4.56 crore for a railway flyover already disallowed earlier.

The Kerala State Electricity Regulatory Commission has approved a billing framework for smart prepaid meters for government consumers, enabling KSEBL to transition approximately 1.72 lakh low-tension government consumers to prepaid smart metering from March 1, 2026. The framework establishes a daily provisional billing mechanism covering fixed charges, energy charges, fuel surcharge, and applicable subsidies, with a final bill generated at month end. A 24-hour grace period will apply before disconnection for insufficient balance, and government consumers will be exempt from disconnection for the first three months after conversion. The rollout is part of a broader state government programme to deploy smart meters to 50 lakh consumers in phases at an estimated investment of Rs 3,258 crore.

SERC orders in brief

The Jharkhand State Electricity Regulatory Commission has notified the seventh amendment to its rooftop solar net metering regulations, revising application and registration fees for rooftop solar installations with effect from January 30, 2026. Under the revised structure, application fees are tiered at Rs 250 for systems up to 50 kW, Rs 750 for systems above 50 kW and up to 1 MWp, and Rs 1,500 for systems above 1 MWp and up to 2 MWp. Registration charges follow the same capacity bands at Rs 1,000, Rs 2,500, and Rs 5,000 respectively. The revised fees apply to both consumers and third-party owners of rooftop solar systems, including cases where the system is installed by an entity other than the premises owner.

The Chhattisgarh State Electricity Regulatory Commission has allowed iron and steel manufacturer M/s Adit Ispaat to draw solar power from its 1.50 MW captive plant in District Balod through an existing common distribution feeder, exempting it from the dedicated feeder requirement under the state's open access regulations. The February 26, 2026 order was granted subject to installation of ABT meters with AMR and RTU systems and an undertaking from the company waiving any claims arising from feeder failures or maintenance shutdowns on the shared network.

TGERC has proposed standardised load-based service line charges for HT connections at 11 kV and 33 kV — ranging from Rs 3,500 to Rs 12,000 per kVA depending on voltage level and overhead/underground configuration — extending the simplified framework introduced for LT connections in January 2026.

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