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-LAW IN ACTION



Legal Updates

The Ministry of Power (“**MoP**”), vide Letter No. 23/26/2022-R&R-I (Part-1) dated 23.09.2025, has sought comments on draft amendments proposed in Rule 3 of Electricity Rules, 2005 i.e., Requirements of Captive Generating Plant [Electricity (Second Amendment) Rules, 2025].

The proposed amended Rule 3 provides that no power plant shall qualify as a ‘*captive generating plant*’ under Section 9 read with Section 2(8) of the Electricity Act unless –

A. In case of a power plant

- a. not less than 26% of the ownership is held by captive user(s) in case of a power plant; and
- b. not less than 51% of the aggregate electricity generated in such plant, determined on an annual basis, is consumed for captive use.

In case the power plant is set up by a registered co-operative society, the conditions shall be satisfied collectively by the members. In case of an association of persons, the conditions shall be satisfied collectively by all the captive users but the captive consumption benefit for each user shall be restricted to a maximum of 110% of their proportionate entitlement.

B. In case of a generating stations owned by a company formed as a special purpose vehicle

- a. A unit or units of such generating station identified for captive use and not the entire generating station has to satisfy the conditions.
- b. The electricity to be consumed by captive users shall be determined with reference to such generating unit (s) in aggregate and not to such generating station as a whole.

MoP has proposed amendments in Rule 3 of Electricity Rules, 2005 (Requirements of Captive Generating Plant)

- c. Equity shares to be held by the captive users in the generating station shall not be less than 26% of the proportionate of the equity of the company.

The comments are required to be submitted within 30 days from the date of issue of the letter i.e., by 22.10.2025, which can also be shared via email. A copy of the letter dated 23.09.2025 can be accessed [here](#).

The MoP, vide notification dated 27.09.2025, has specified the minimum share of electrical energy consumption from renewable energy (“RE”) for designated consumers, who are electricity distribution licensees, open access consumers and captive users i.e., the Renewable Consumption Obligation targets (“RCO targets”). This notification supersedes the earlier notification dated 20.10.2023 however, targets notified for FY 2024 – 25 to 2029 – 30 remain the same as the targets notified under the earlier notification.

Hilly and North-Eastern States and UTs – The Distributed Renewable Energy (“DRE”) obligation shall be 50% of the specified level. For distribution licensees serving exclusively urban consumers, the DRE obligation shall be 75% of the specified level. The remaining DRE obligation shall be included in the Other RE component.

Wind energy component – It has to be met by energy produced from WPP commissioned after 31.03.2024. It is fungible.

Hydro energy component – It has to be met by energy produced from Hydro Power Projects (“HPP”) commissioned after 31.03.2024. It can also be met from free power being provided from such Projects or from approved Hydro Power Projects located outside India. It is fungible.

DRE component – It has to be met from RE projects not exceeding 10 MW in size (including solar installations under all configurations and Other RE sources. It is non-fungible for its shortfall but its surplus may offset other components.

Other RE component – It may be met from any RE project not specified in earlier notes, including (i) WPP, (ii) HPP commissioned before 01.04.2024, and (iii) co-firing of biomass pellets and charcoal produced from Municipal Solid Waste. It is fungible.

Open Access Consumers and Captive Users

- i. The requirement applies to electricity consumption from sources other than distribution licensee.
- ii. They can meet the total RCO from any RE source.
- iii. Open Access Consumers – RCO shall include consumption at the point of drawal from the grid.
- iv. Captive users – RCO shall include electricity generated and self-consumed (excluding auxiliary consumption).
- v. Captive Users – RCO shall exclude
 - a. electricity generated and self-consumed from waste heat recovery process using fossil-based sources, except for electricity generated from a Waste Heat Recovery Steam Generator in a captive Combined Cycle Gas-Based Generating Station.
 - b. electricity generated and self-consumed through waste energy recovery, including from by-product gases, or other forms of residual energy sources associated with industrial processes.
 - c. 50% of the electricity generated and self-consumed from fossil-fuel based co-generation plant.
 - d. 50 % of the fossil fuel-based electricity consumed in Aluminum smelters.

MoP makes significant changes in the manner in which the Renewable Consumption Obligation targets have to be met

Distribution Licensees

- i. RCO to be calculated based on the electrical energy supplied to consumers within the periphery of the distribution licensee.
- ii. Supply shall not include the consumption of open access users from the sources other than the distribution licensee and the electricity generated and self-consumed by captive users.

Nuclear Power sources – Shall be excluded from RCO.

Methods to fulfil RCO

- i. consumption of renewable electricity, either directly or through an energy storage system;
- ii. purchased or self-generated RE Certificates, including RE Certificates acquired under Virtual Power Purchase Agreements; and
- iii. payment of the buyout price specified by the Central Electricity Regulatory Commission.

Compliance at the Holding Company level – RCO compliance for multiple designated consumers under common control shall be considered on an aggregate basis at the holding company level, or at the level of a cooperative society.

Conflict with Renewable Purchase Obligation (“RPO”) under the Electricity Act – For all designated consumers, no additional RPO shall apply and the State-level RPO targets shall be subsumed within the RCO targets.

Last date for submitting the duly certified energy accounts for FY 2024-2025 is 31.10.2025 and for each subsequent year, it is 31st July. Compliance report shall be submitted after meeting the shortfalls by 31.03.2026 for FY 2024 – 25 and by 31st December for each subsequent year. Penalty will be imposed for shortfall in terms of the Energy Conservation Act, 2001.

A copy of the Notification dated 27.09.2025 can be accessed [here](#).

PNGRB initiates consultation on Liquefied Petroleum Gas Interoperability

The Petroleum and Natural Gas Regulatory Board (“**PNGRB**”), vide Press Release dated 29.09.2025, has launched a public consultation process on Liquefied Petroleum Gas (“**LPG**”) Interoperable Service Delivery Framework, which is a transformative initiative designed to eliminate chronic delivery delays that affect millions of LPG consumers across India. It aims at reducing delivery delays and improving service standards for over 32 crore LPG consumers in India.

With over 32 crore domestic LPG connections, India is facing challenges in service quality (particularly delivery delays) accounting for nearly half of the annually registered complaints.

The proposed framework introduces a **Cross-PSU Service Mechanism**, which proposes that the nearest available distributor, regardless of company, would fulfil deliveries if the primary distributor cannot do so within 24 hours of booking.

Key features:

- a. **24-Hour Delivery Guarantee** – to replace the current 48-hour norm.
- b. **Supplier of Last Resort** – automatic cross-company service activation after 24 hours.
- c. **Seamless Consumer Experience** – company boundaries become invisible during service failures.
- d. **Universal Service Obligation** – collective accountability across all PSU OMCs.

PNGRB has invited stakeholders to provide comprehensive feedback on operational mechanisms, technology integration, regulatory provisions, and implementation strategies. A copy of the Press Release dated 29.09.2025 can be accessed [here](#).

CERC initiates Suo Motu proceedings on GST Changes affecting Coal procurement

The Central Electricity Regulatory Commission (“**CERC**”), in its order dated 01.10.2025 in Petition No. 10/SM/2025, has taken cognisance of the statutory changes arising from the abolition of the GST Compensation Cess and the increase in the GST rate on coal from 5% to 18%, with effect from 22.09.2025. The Commission has noted that these changes directly impact the cost of coal to be procured by generating companies and require uniform regulatory treatment across power purchase agreements (“**PPAs**”).

The Commission recalled that in its earlier order dated 14.03.2018 in Petition No. 13/SM/2017, it had held that the introduction of GST and GST Compensation Cess constituted a Change in Law event. At that time, it directed that the impact of these statutory changes should be worked out between generating companies and distribution licensees in accordance with the provisions of their PPAs. The same principle has now been extended to cover the statutory changes introduced by notifications dated 17.09.2025.

The Commission has observed that the increase in GST from 5% to 18% has an escalating impact on landed coal prices, while the abolition of the Compensation Cess of ₹400 per tonne results in cost reduction. The net impact will vary depending on the grade and the base price of coal, and the adjustment of tariff must therefore be determined accordingly.

It has been clarified that the statutory changes brought about by the notifications dated 17.09.2025 fall within the ambit of a Change in Law event under the PPAs covered by Section 63 of the Electricity Act, 2003. This applies irrespective of the original cut-off date of the PPA, except in cases where generating companies operate captive coal mines, such as Sasan Power Limited and NLC Limited.

Accordingly, the Commission has held that in all cases where the cut-off date under the PPA is 21.09.2025 or earlier, beneficiaries are entitled to the impact of the abolition of Compensation Cess and revision of GST rates. The necessary adjustments to monthly tariff or charges are to be carried out, including refunds wherever applicable, with effect from 22.09.2025.

In order to ensure consistent treatment, the Commission has considered it necessary to issue uniform regulatory directions for settlement of dues arising out of these Change in Law events. It has therefore decided to initiate suo motu proceedings to address this issue and to frame appropriate directions for all affected generating companies, distribution licensees, and procurers.

The parties have been directed to file their written submissions within ten days from the date of the order (01.10.2025). A public notice has also been issued for conducting a hearing on the matter, following which the Commission will issue uniform directions to ensure consistent application of Change in Law relief.

CERC Issues Draft Amendment to (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2025.

The Central Electricity Regulatory Commission (“**CERC**”), by Draft Amendment No. RA-14026(11)/1/2022-CERC dated 22.09.2025, has issued the Central Electricity Regulatory Commission (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) (First Amendment) Regulations, 2025 (“**Draft REC Amendment, 2025**”). The draft seeks to amend the Central Electricity Regulatory Commission (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2022 (“**Principal Regulations**”).

The Draft REC Amendment, 2025 introduces new definitions under Regulation 2 of the Principal Regulations. A new clause (g-i) defines “*Designated Consumer*” with reference to the Energy Conservation Act, 2001; a new clause (o-i) defines “*Renewable Consumption*”

Obligation” or “RCO”; and a new clause (u-i) defines “*Virtual Power Purchase Agreement*” or “*VPPA*” with reference to the CERC (Power Market) Regulations, 2021.

Regulation 4 of the Principal Regulations has been amended to extend eligibility for Renewable Energy Certificates to renewable energy generating plants set up for self-consumption, even if such plants do not qualify as captive generating plants under the Electricity Rules, 2005.

Regulation 10 of the Principal Regulations has been substituted to provide that applications for issuance of certificates by distribution licensees or open access consumers shall be made within three months from certification by the concerned State Commission. Applications filed beyond this period will not be considered.

Further, Regulation 12 of the Principal Regulations has been substituted to revise the framework for Certificate Multipliers. Generating stations commissioned between 05.12.2022 and the date of effect of the Draft REC Amendment, 2025 shall be entitled to fixed multipliers, including 1.0 for solar and wind, 1.5 for hydro, 2.0 for municipal solid waste and non-fossil fuel-based cogeneration, and 2.5 for biomass and biofuel. For generating stations commissioned after the date of effect of the Draft REC Amendment, 2025, multipliers will be determined based on Appendix-1, which provides a weighted scoring model based on tariff range, technology maturity, and capacity credit/peak support. Appendix-1 assigns multipliers ranging from 1.0 for solar and wind to 3.5 for offshore wind, 3.0 for pumped hydro and battery storage, and 2.5 for biomass, cogeneration, large hydro and municipal solid waste. The multipliers will remain valid for a period of fifteen years from the date of commissioning, after which one certificate will be issued per megawatt hour of generation.

A new Regulation 14A has been inserted in the Principal Regulations to deal with the treatment of certificates under Virtual Power Purchase Agreements. Certificates issued to a generating station under a VPPA will automatically stand transferred to the consumer or designated consumer with whom the agreement has been executed. Such certificates may be used for compliance with Renewable Purchase Obligations or Renewable Consumption Obligations but once transferred will stand extinguished and will not be available for trading. Surplus certificates may, however, be carried forward for compliance in subsequent years. The Central Agency will be required to extinguish the certificates once they are used and update its records. CERC has invited comments and objections on the Draft REC Amendment, 2025, which may be submitted by post to the Secretary, Central Electricity Regulatory Commission, Chanderlok Building, 36 Janpath, New Delhi – 110001, or by email to secyd@cercind.gov.in on or before 23.10.2025. Draft REC Amendment, 2025 can be accessed [here](#).

GERC notifies Draft Fifth Amendment to the GERC (Licensee’s Power to Recover Expenditure incurred in providing Supply and other Miscellaneous Charges) Regulations, 2025.

The Gujarat Electricity Regulatory Commission (“**GERC**”) on 26.09.2025 notified the Draft GERC (Licensee’s Power to Recover Expenditure incurred in providing Supply and other Miscellaneous Charges) (Fifth Amendment) Regulations, 2025.

The draft amendment revises Clause 8.2(F), stating that any work undertaken by the supplier for the consumer, which is not covered under the schedule, shall be charged at actual cost of labour and materials plus 15% overheads, an estimate will be provided in advance wherever required.

It also sets out specific provisions for infrastructure related shifting works. For projects under Bharatmala Pariyojana and other infrastructure projects, developers will pay supervision or overhead charges at the rate of 2.5%. If the shifting work is undertaken by the transmission or distribution line owner, the applicable charge will be 15% except in the case of Bharatmala projects, where no such charge will apply. GERC Regulations can be accessed [here](#).

**APERC has issued the
APERC (Terms and
Conditions for Tariff
determination from
Renewable Energy
Sources) Regulations,
2025**

The Andhra Pradesh Electricity Regulatory Commission (“**APERC**”), vide notification dated 12.09.2025, has issued the APERC (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2025 (“**RE Tariff Regulations**”).

The Regulations apply where the tariff, for a grid-connected Renewable Energy (“**RE**”) generating station or a unit thereof is commissioned during the Control Period i.e., from 01.05.2025 to 31.03.2030, and based on RE sources, is to be determined by the APERC under the Electricity Act, 2003 (“**Electricity Act**”).

In case of wind power projects (“**WPP**”), small hydro projects, biomass power projects with Rankine cycle technology, non-fossil fuel based cogeneration projects, solar PV power projects, solar thermal and floating solar power projects, renewable hybrid energy projects, RE with storage projects, biomass gasifier and biogas based power projects, municipal solid waste based power projects, refuse-derived fuel based municipal solid waste power projects, and pumped storage power projects, the Regulations apply subject to fulfilment of the eligibility criteria specified in Regulation 4.

The Regulations postulate the determination of project-specific tariff on a case-by-case basis. It provides for the manner in which the petition has to be filed and how it will be determined, and provides for the tariff structure and design, treatment of over-generation, financial principles and parameters for different kinds of RE projects. It also allows the generating company and the licensee to agree to a tariff for electricity supply, in deviation from the norms specified in these Regulations provided that the levelized tariff shall be the ceiling levelized tariff.

The Regulations can be accessed [here](#).

**APERC has issued the
APERC (Planning,
Procurement, Deployment
and Utilisation of Battery
Energy Storage Systems)
Regulations, 2025**

The APERC, vide its notification dated 11.09.2025, has issued the APERC (Planning, Procurement, Deployment and Utilisation of Battery Energy Storage Systems) Regulations, 2025 (“**BESS Regulations, 2025**”). The Regulations are applicable to all licensees, generating companies, RE developers, aggregators, BESS service providers, and other entities engaged in the deployment, operation, or utilisation of battery storage systems in Andhra Pradesh.

The primary objective of the Regulations are:

- i. Enable deployment and utilisation of BESS as part of generation, transmission, and distribution assets.
- ii. Facilitate the participation of BESS in ancillary services and energy markets.
- iii. Promote cost-effective energy storage solutions that support grid stability, frequency management, and RE integration.
- iv. Establish a framework for aggregators and third-party BESS developers to participate in the electricity market.

The Regulations introduce flexible ownership and deployment models, including co-location with renewable or conventional plants, grid-connected standalone storage, embedded storage in transmission or distribution networks, behind-the-meter (consumer-level) storage, and integration with EV charging and swapping infrastructure, as well as Vehicle-to-Grid (V2G) and Grid-to-Vehicle (G2V) services [Regulation 4].

It specifies a minimum individual project size of power rating of 1 MW and above, with a suitable energy rating of at least 2 hours based on the application at one site, connected at 11KV or above, which is not applicable to distribution licensees setting up BESS at the DTR level to store the power from SRTs locally. Further, for open access and captive users, consumers

installing behind-the-meter BESS at any voltage level and the LT level, the ratings may be as per their choice.

Additionally, the Regulations also provide for the role of the aggregators, distribution licensees and nodal agency etc.; the technical and cybersecurity standards to be followed, the requirement to submit real-time and periodic data to SLDC, publication of possible locations for BESS on an annual basis, etc.

The State Load Dispatch Centre (“**SLDC**”) has been designated as the nodal agency to manage ancillary services through BESS, and handle monitoring and scheduling.

The Regulations can be accessed [here](#).

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