

Gujarat Electricity Regulatory Commission introduces new regulations for procurement of energy from renewable sources

The Gujarat Electricity Regulatory Commission (“**GERC**”) has notified the GERC (Procurement of Energy from Renewable Sources) Regulations, 2025 (“**GERC Regulations**”) on August 12, 2025. The GERC Regulations govern renewable purchase obligations and align the State’s renewable trajectory with the national compliance and enforcement framework. The GERC Regulations repeal the GERC (Power Procurement from Renewable Sources) Regulations, 2005 and 2010 and the subsequent amendments thereto.

Salient features

1. The GERC Regulations have broadened the applicability of Renewable Power Purchase Obligation (“**RPPO**”) to all obligated entities, including distribution licensees, open access consumers and captive users in Gujarat. It covers any person consuming electricity from conventional sources through open access or otherwise, anyone who has installed the conventional Captive Generating Plants (“**CGP**”) with an installed capacity exceeding 100 (one hundred) kW, whether for standby/emergency use or regular electricity requirements. Retail consumers of distribution licensees are not obligated to the extent of such retail supply consumption. Obligated entities who are also designated consumers under the Energy Conservation Act, 2001 (“**Energy Conservation Act**”) must comply with RPPO obligations irrespective of the CGP size.
2. The GERC Regulations lay down category-wise RPPO targets for FY 2024-25 to FY 2029-30, mirroring the trajectory notified by the Ministry of Power on October 20, 2023, issued under the Energy Conservation Act.

Minimum quantum of purchase from renewable sources (in terms of energy in kWh) of total consumption					
Year	Wind renewable energy	Hydro renewable energy	Distributed renewable energy	Other renewable energy	Total renewable energy
2024-25	0.67%	0.38%	1.50%	27.35%	29.91%
2025-26	1.45%	1.22%	2.10%	28.24%	33.01%
2026-27	1.97%	1.34%	2.70%	29.94%	35.95%
2027-28	2.45%	1.42%	3.30%	31.64%	38.81%

2028-29	2.95%	1.42%	3.90%	33.10%	41.36%
2029-30	3.48%	1.33%	4.50%	34.02%	43.33%

3. The GERC Regulations mandate that wind and hydro obligations must be met from wind and hydro (including pump storage projects, small hydro projects) projects commissioned after March 31, 2024. The hydro power component may also be met out of the free-power provided to States/distribution companies from projects commissioned after March 31, 2024; and from Hydro Power Projects located outside India, as approved by the Central Government on case-to-case basis.
4. The GERC Regulations allow flexibility in meeting RPPO. Shortfalls in wind consumption can be offset by excess hydro and *vice versa*. Surplus wind or hydro may be counted towards 'Other' renewable energy component. Conversely, any excess energy consumption under 'Other' renewable energy component in a particular year, may be used to meet the shortfall in achievement of stipulated wind or hydro consumption.
5. Obligated entities who are open access consumers or consumers with captive power producers are required to fulfil their obligation as per the specified total renewable energy target, irrespective of the non-fossil fuel source.
6. The GERC Regulations also introduce a new Energy Storage Obligation ("ESO"), as a percentage of annual electricity consumption. At least 85% of the total energy stored annually in the energy storage system (ESS) must come from renewable sources. ESO to the extent of energy stored from renewable energy sources also count towards fulfilment of the total RPPO.
7. Obligated entities can fulfil their RPPOs by directly purchasing renewable energy from generating stations, other entities, or platforms facilitating renewable energy power exchange. Entities with their own renewable energy sources can use self-generated energy to meet their obligations. Energy received under banking arrangements or free power (royalty) from the State Government, subject to conditions, can also be utilised.
8. The GERC Regulations have also strengthened the compliance mechanism by directing that each obligated entity will meet its RPPO on a yearly basis and file quarterly and annual consolidated report to the State agency. Obligated entities procuring/consuming electricity from sources other than renewable energy sources having capacity of exceeding 1 (one) MW are mandated to file a petition before GERC after completion of the respective Financial Year ("FY") (by 30th June of the succeeding FY) providing the details of the RPPO fulfilled by them. However, obligated entities procuring/consuming power below 1 (one) MW from conventional sources must provide the details of RPPO compliance to the State agency.
9. Non-compliance attracts a penalty under Section 26(3) of the Energy Conservation Act, equal to twice the energy shortfall valued at the prevailing tonnes of oil equivalent (TOE) rate. The penalty so collected is to be deposited in a separate fund and to be used for purchasing renewable energy certificates and development of transmission/sub-transmission infrastructure.

Further, failure to furnish information or comply may invite penalty under Section 142 of the Electricity Act, 2003.
10. The Gujarat Energy Development Agency (GEDA) will act as the State agency and is required to develop and maintain an RPPO web-portal for registration, compliance monitoring and reporting. All obligated entities including those already registered off-line with the State agency, are mandated to register on the portal within 3 (three) months of its notification.

Conclusion

By aligning the renewable power purchase obligations framework to that under the Energy Conservation Act (such as similar targets, penalty under Section 26(3) of the Energy Conservation Act.), the GERC Regulations have attempted to increase the regulatory certainty for obligated entities.

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