



January 2026

The Indian Electricity and Power sector, from September to December 2025, has witnessed interesting regulatory developments to facilitate in addressing the sectoral challenges. The Ministry of Power (“**MoP**”) issued the Draft Electricity (Amendment) Bill, 2025 (“**Draft Bill**”), along with an Explanatory Note on October 9, 2025. The proposed amendments to the Electricity Act, 2003 (“**Electricity Act**”) through the Draft Bill, aims to ensure cost-reflective tariffs, rationalisation of high industrial rates, improve the financial viability of Distribution Companies (“**Discoms**”), among others, as well as recognise the consumers’ rights to develop, own, and operate Energy Storage Systems (“**ESS**”). Subsequently, the Draft Bill, was introduced in the Lok Sabha on December 5, 2025. Further, the Ministry of New and Renewable Energy (“**MNRE**”), *vide* notification dated September 15, 2025, issued the National Policy on Geothermal Energy and revised the application process under the ‘Waste to Energy Programme’, aimed at promoting clean energy sources.

Major developments have been observed in the Indian electricity and power sector through recent judgments of the Hon'ble Supreme Court of India (“**Supreme Court**”), various State High Courts and the Appellate Tribunal for Electricity (“**APTEL**”), together with key regulations and orders of the Electricity Regulatory Commissions (“**ERCs**”). These decisions and regulatory measures clarify the scope of regulatory jurisdiction in interfering with Power Purchase Agreements (“**PPAs**”), reinforce the sanctity of contractual obligations, address issues of *pro-rata* distribution of charges among beneficiaries, and strengthen regulatory frameworks for renewable energy integration.

The Central ERC (“**CERC**”) notified the CERC (Cross Border Trade of Electricity) (Second Amendment) Regulations, 2025, dated December 9, 2025, providing detailed procedure for connectivity and General Network Access (“**GNA**”). The Energy and Petrochemicals Department (“**EPD**”), Government of Gujarat (“**GoG**”), *vide* notification dated December 24, 2025, has issued Gujarat Integrated Renewable Energy Policy, 2025 (“**Gujrat RE Policy**”), to contribute towards National Energy Transition with Mission of Gujarat as a Green Energy Leader by achieving 100 (one hundred) Gigawatt+ (“**GW**”) of renewable energy capacity, contributing significantly to India's 500 (five hundred) GW target by 2030.

Judgment of the Supreme Court

Supreme Court holds that Discoms must share coal shortage costs equally

Supreme Court, by its judgment dated September 8, 2025, in *Haryana Power Purchase Centre vs. GMR Kamalanga Energy Ltd*¹, dismissed a batch of appeals filed by various Discoms, upholding the decision of APTEL that coal shortages and the resulting additional costs arising from buying costlier imported coal by a power plant must be equitably shared among all the electricity procurers from that power plant based on the power drawn by each of them on a *pro-rata* basis.

¹ 2025 SCC OnLine SC 1928

The dispute arose out of a change in law event due to coal shortage at the 1050 (one thousand and fifty) megawatt (“**MW**”) power plant of GMR Kamalanga Energy Limited in Odisha. The Supreme Court held that no DISCOM can claim priority in power supply based on either the date of execution of their respective PPAs or the stated source of coal, and therefore coal supply must be proportionately allocated among Discoms based on the quantum of energy supplied to them.

Supreme Court holds that issues remanded must be decided in light of the prevailing law

Supreme Court, by its judgment dated December 12, 2025, in *Rattanindia Power Limited vs. Maharashtra State Electricity Distribution Company Limited*², while deciding issues arising from APTEL’s decision³, observed that when a matter is remanded for fresh consideration, it does not mean that the subordinate court is bound exclusively by the remand order or precluded from considering subsequent developments in law. Judicial discipline requires giving due regard to directions in the remand order, but not at the cost of ignoring binding law declared later.

The Supreme Court held that if the remand order does not itself settle an issue, the issue remains alive and must be decided in accordance with the law applicable on the date of decision. It was emphasised that the law declared by the Supreme Court is binding on all courts within India, and if a decision is rendered after the remand, it must be applied. Therefore, it was held that APTEL erred in holding that it could look no further than the remand order.

Judgments by APTEL

APTEL holds that ERCs under the Electricity Act cannot rewrite express terms of a contract under the garb of their regulatory functions

APTEL, by its judgement dated September 9, 2025, in *Vedanta Limited vs. Odisha Electricity Regulatory Commission*⁴, held that once parties to a PPA mutually agree upon a compensatory protocol or any contractual term, such agreement becomes an integral part of the PPA and cannot be modified or altered by an ERC.

Odisha ERC (“**OERC**”) by the Impugned Order dated June 22, 2022, unilaterally devised a new compensation protocol between the parties. APTEL held that the duty of an ERC while adjudicating disputes is only to facilitate parties to arrive at mutual consensus and not to devise new protocols or terms on its own and thrust the same upon the parties. It was held that such action would be tantamount to writing or rewriting contracts on behalf of the parties. Therefore, the impugned order dated June 22, 2022, passed by OERC was set aside and remanded with a direction to call upon the parties to execute a revised PPA based on their mutual agreement.

APTEL directs that ERCs under the Electricity Act should pass well- reasoned and speaking orders

APTEL, by its judgement dated November 14, 2025, in *Tata Power Delhi Distribution vs. Delhi ERC*⁵, directed that ERCs must strive to pass reasoned orders, as such reasoning forms the foundation of transparency and accountability in regulatory decision-making.

APTEL, passed its judgment on issues concerning: (a) alleged non-compliance with the tariff regulations framed by the Delhi ERC (“**DERC**”); (b) alleged non-implementation of directions issued by this APTEL in earlier proceedings; and (c) alleged disallowances, clerical errors, and deviations from established methodologies and directives. Additionally,

² 2025 SCC OnLine SC 2936

³ Appeal no. 341 of 2023

⁴ Appeal No. 107 of 2022

⁵ Appeal No. 168 of 2018

while relying on Supreme Court's judgment in *Kranti Associates Private Limited vs. Masood Ahmed Khan*⁶, APTEL stressed upon the importance of reasoned judicial orders.

APTEL clarifies key principles of Tariff Determination

APTEL, by its judgment dated November 28, 2025, in *Noida Power Company Limited vs. Uttar Pradesh ERC*⁷, addressed key question of law on whether tariff determination by ERC under the Electricity Act is quasi-judicial in nature. APTEL held that while tariff determination is primarily legislative and regulatory in character, it is also a quasi-judicial exercise since tariff orders are appealable under Section 111 of the Electricity Act.

Further, the following questions of law were also addressed wherein APTEL held as under: -

1. **Do the rules of natural justice obligate ERCs to record elaborate reasons in a tariff order?** –an ERC need not assign elaborate reasons for either allowing or rejecting or modifying the claims made in the tariff application. However, the tariff order should indicate, albeit in brief, the reasons which weighed with the ERC for rejecting or modifying the claims.
2. **Can ERCs supplement the reasons, given in a tariff order, at the appellate stage?** - ERCs cannot create a new case or introduce fresh reasons in appeal to justify its tariff order. However, it may elaborate on the brief reasons already indicated in the tariff order by referring to material on record, applicable law, and regulations.
3. **Can an ERC defend its order in appeal before APTEL?** – ERC, in discharge of its statutory obligations to protect consumer interest, would be entitled in law to defend its orders in an appeal before APTEL.
4. **Role of consumers in tariff determination** – Consumers have the right to submit objections with respect to Tariff determination under Section 64(3) of the Electricity Act. However, their participation in hearings is discretionary with the ERCs. Consumers aggrieved by a Tariff order may file an appeal under Section 111 of the Electricity Act.
5. **Whether ERCs have the jurisdiction to rectify their past errors?** – Past tariff orders, once finalised and tried-up, cannot be reopened except through statutory mechanisms i.e., amendment under Sections 62(4) of the Electricity Act or review under Section 94(1)(f) of the Electricity Act read Section 114 and Order 47 of the Civil Procedure Code, 1908.

APTEL holds that unpaid interest continues to accrue until fully paid

APTEL, by its judgment dated December 23, 2025, in *M/s Korba Power Limited vs. Haryana ERC*,⁸ partly allowed the appeal filed by Korba Power Limited, setting aside the Haryana ERC's order dated May 12, 2022, insofar as it restricted payment of interest only up to the date of payment of the principal amount.

APTEL held that:

1. any unpaid interest outstanding on the date of payment of the principal amount would continue to attract interest until fully paid, to prevent unjust enrichment of the other party; and
2. payment of interest cannot be equated to payment of penalty or fine. When a person is deprived of money to which he is lawfully entitled, he has a legitimate claim for interest on that amount for the period of deprivation.

⁶ (2010) 9 SCC 496

⁷ Appeal No. 98 of 2021 & Appeal No. 465 of 2023

⁸ Appeal No. 431 of 2022

Judgments of the High Courts

Hon'ble High Court of Delhi holds that CERC's powers to refer disputes to arbitration extends to even those cases which fall outside its jurisdiction

The Hon'ble High Court of Delhi, by its judgment dated November 3, 2025, in *Renew Wind Energy (AP2) Pvt. Ltd. vs. Solar Energy Corporation of India*,⁹ held that CERC has exclusive power and prerogative to refer disputes involving generating companies or transmission licensees for arbitration under Section 79(1)(f) of the Electricity Act. The issue involved wind energy producer's challenge against deductions by the Solar Energy Corporation of India over shortfall in power supply.

The court analysed Section 79(1)(f) of the Electricity Act in 2 (two) parts and concluded that:

1. the first part refers to the adjudicatory powers of the CERC;
2. the second part deals with the referral powers of the CERC;
3. the power to refer disputes for arbitration under the second part of the provision is broader than the power to adjudicate disputes;
4. while the adjudicatory powers are constrained and restricted to disputes connected with matters enumerated under Section 79(1)(a) to (d) of the Electricity Act, the referral power extends to 'any dispute' involving generating companies or transmission licensees.

The court further:

1. cautioned briefing lawyers and law firms to verify the status of case laws before relying on them; and
2. noted that citing decisions under review or appeal without disclosure may mislead the adjudicatory process and falls short of the fairness expected from officers of the Court.

Hon'ble High Court of Allahabad rules that the Insolvency and Bankruptcy Code, 2016 override the Electricity Act

The Hon'ble High Court of Allahabad, by its judgment dated September 18, 2025, in *Dharti Agro Industries Pvt. Ltd. vs. Pashchimanchal Vidyut Vitran Nigam Ltd*¹⁰, held that the Insolvency and Bankruptcy Code, 2016 ("IBC") has an overriding effect over the Electricity Act.

The court further held that, in case of conflict between 2 (two) statutes, i.e., the Electricity Act and the IBC, having conflicting provisions where both contain *non-obstante* clauses, in light of the Supreme Court judgment in *Innoventive Industries Ltd. vs. ICICI Bank*,¹¹ IBC would prevail and override the Electricity Act.

Hon'ble High Court of Bombay holds that taking cognisance of a complaint by an unauthorised person under Section 151 of the Electricity Act vitiates the entire trial.

The Hon'ble High Court of Bombay, by its judgment dated October 15, 2025, in *State of Maharashtra vs. Gulab Ali Sayyad Bannu*¹², held that taking cognisance of an offence under the Electricity Act based on a complaint filed by an unauthorised person vitiates the entire trial and goes to the root of the matter. The issue that arose for adjudication

⁹ 2025 SCC OnLine Del 8252

¹⁰ 2025 SCC OnLine All 6074

¹¹ (2018) 1 SCC 407

¹² Criminal Appeal No. 264 of 2010

was whether PW-1 (*who was a member of the flying squad*) was a proper authority to lodge the FIR as contemplated under Section 151 of the Electricity Act?

The court held that:

1. Section 151 of the Electricity Act mandates that complaints can only be filed by the Appropriate Authority or Appropriate Commission, or any of their authorised officers, or a Chief Electrical Inspector or an Electrical Inspector, or a licensee, or a generating company.
2. first information report itself could not be sustained, and the cognisance taken by the court was flawed and constituted an illegality since Prosecution Witness 1 (PW-1) was not an Appropriate Authority under Section 151 of the Electricity Act.

Hon'ble High Court of Delhi holds that access to electricity is a fundamental right

Hon'ble High Court of Delhi, by its judgment dated December 15, 2025, in *Shri Maiki Jain vs. BSES Rajdhani Power Ltd. and Ors.*¹³ held that that electricity is a basic necessity and an integral part of right to life under Article 21 of the Constitution of India, and supply of the same cannot be denied on the basis of a pending landlord-tenant dispute.

Orders and regulations of ERCs

CERC proposes framework for determination of Buyout Price as an alternate compliance mechanism towards fulfilment of renewable consumption obligation

CERC, by its *suo-motu* order dated October 22, 2025¹⁴, has invited stakeholder comments on the determination of buyout price as an alternate compliance mechanism for fulfilment of Renewable Consumption Obligation (“RCO”).

The CERC has *inter alia* proposed the following: -

1. Buyout price for FY 2024-25 be fixed at INR 245 (Indian Rupees two hundred and forty-five) /MW per hour, which is approximately 5% above the weighted average Renewable Energy Certificate (“REC”) price of INR 232.84 (Indian Rupees two hundred and thirty-two point eight four)/MW per hour for FY 2024-25; and
2. For subsequent Financial Years (“FYs”) up to FY 2029-30, the buyout price will be fixed at 105% of the weighted average REC price of that FY.

CERC clarifies applicability of the revised 5% Goods and Service Tax rate on procurement of renewable energy devices

CERC, by its *suo motu* order dated November 4, 2025¹⁵, directed that where procurement, commissioning, Commercial Operation Date, or Scheduled Commercial Operation Date occurs on or after September 22, 2025, but the bid submission date precedes September 22, 2025, then all renewable energy generating stations and concerned Discoms must consider the impact of this reduction in Goods and Service Tax (“GST”) rates qua Notification No. 9/2025–Central Tax (Rate), dated September 17, 2025, before approaching the Commission for determination of tariff under the provisions of Change in Law as contained in the relevant provisions of PPAs and subject to the Electricity (Timely Recovery of Costs due to Change in Law) Rules, 2021.

¹³ Writ Petition (C) No. 18953 of 2025

¹⁴ Petition No. 12/SM/2025

¹⁵ Petition No. 13/SM/2025

CERC further directed that the revised GST rate of 5% will apply to all cases where the bid submission date is prior to September 22, 2025, and: -

1. Invoice for goods/supply of services is raised on or after September 22, 2025, or
2. Consideration for goods/supply of services has been received and tax paid on or after September 22, 2025.

Andhra Pradesh ERC notifies the Andhra Pradesh ERC (Planning, Procurement, Deployment, and Utilisation of Battery ESS) Regulations, 2025

Andhra Pradesh ERC (“**APERC**”), by its notification dated September 11, 2025, has notified APERC (Planning, Procurement, Deployment, and Utilisation of Battery ESS (“**BESS**”)) Regulations, 2025, to establish a comprehensive regulatory framework for deployment, ownership, protection and market participation of BESS in Andhra Pradesh.

The new regulation *inter alia*:

1. define key terms including: (a) BESS; (b) Standalone BESS; (c) BESS Developer; (d) Distributed Energy Resource Aggregator/Aggregator; and various ancillary services such as: (i) Primary Reserve Ancillary Service (“**PRAS**”), (ii) Secondary Reserve Ancillary Service (“**SRAS**”); and (iii) Tertiary Reserve Ancillary Service (“**TRAS**”);
2. permit BESS to be developed and owned by: (a) distribution licensees; (b) transmission licensees; (c) system operators; (d) generating companies; (e) independent power producers; (f) renewable energy developers; (g) independent energy; (h) storage service providers; (i) aggregators; and (k) third-party investors; and
3. designate Andhra Pradesh State Load Dispatch Centre as the Nodal Agency responsible for implementing ancillary services, estimating PRAS/SRAS/TRAS requirements, etc.

APERC notifies the APERC (Terms and Conditions for Tariff Determination from Renewable Energy Sources) Regulations, 2025

APERC, by its notification dated September 12, 2025, has notified the APERC (Terms and Conditions for Tariff Determination from Renewable Energy Sources) Regulation, 2025.

The new regulations *inter alia*:

1. establishes tariff determination framework for the Control Period starting April 1, 2025, to March 31, 2030;
2. specifies financial parameters including: (a) debt-equity ratio of 70:30; (b) return on Equity of 14% for renewable energy projects (15% for small hydro); (c) loan tenure of 15 (fifteen) years at State Bank of India (Marginal Cost of Funds based Lending Rate) + Normative interest rate of 200 (two hundred) basis points; (d) depreciation rate of 4.67% for first 15 (fifteen) years, etc; and
3. introduces the treatment of over-generation, wherein if a renewable energy project generates energy in excess of the capacity utilisation factor, the tariff for such excess energy will be INR 0.50 (fifty paise) per unit, etc.

Tamil Nadu ERC notifies Tamil Nadu ERC (Terms and Conditions for Green Energy Open Access) Regulations, 2025.

Tamil Nadu ERC (“**TNERC**”), by its notification dated September 18, 2025, has notified the TNERC (Terms and Conditions for Green Energy Open Access) Regulations, 2025 (“**GEOA Regulations**”), establishing a comprehensive framework for Green Energy Open Access (“**GEOA**”) in Tamil Nadu.

The GEOA Regulations *inter alia*:

1. define key terms including: (a) green energy; (b) banking; and (c) GEOA customer;

2. categorise GEOA into long-term (exceeding 12 (twelve) years up to 25 (twenty-five) years), medium-term (exceeding 3 (three) months up to 3 (three) years), and short-term (up to 1 (one) month);
3. designate Tamil Nadu State Load Dispatch Centre as State Nodal Agency for short-term GEOA and State transmission utility for medium-term and long-term GEOA; and
4. allow GEOA to all extra high tension and high tension consumers with minimum contracted demand of 63 (sixty-three) kilo-volt-ampere (kVA) and above, etc.

Delhi ERC notifies Delhi ERC (Renewable Purchase Obligation and REC Framework Implementation) Regulations, 2025

Delhi ERC (“**DERC**”), by its notification dated October 10, 2025, has notified DERC (Renewable Purchase Obligation (“**RPO**”) and REC Framework Implementation) Regulations, 2025. (“**RPO Regulations**”)

The RPO Regulations *inter alia*:

1. define Obligated Entities (“**OEs**”). OEs include: (a) distribution licensees; (b) captive users (with grid-connected fossil fuel-based plants ≥ 1 (one) MW); (c) Open Access Consumers (with Contract Demand ≥ 1 (one) MW from fossil fuel-based generation), and (d) existing Open Access or Green Open Access Consumers under the DERC (Terms and Conditions for Green Energy Open Access) Regulations, 2024;
2. sets forth mandatory RPO targets for all OEs for each FY from FY 2025–26 to FY 2029–30;
3. set out the methods for meeting RPO targets, including: (a) own generation from renewable energy sources; (b) procuring renewable energy through Open Access from any developer either directly, through a trading licensee, or through power markets; (c) requisition from the distribution licensee; etc; and
4. provides a bank guarantee mechanism.

Madhya Pradesh ERC notifies third amendment to Madhya Pradesh ERC (Forecasting, Scheduling, Deviation Settlement Mechanism and related Matters of wind and Solar Generating Stations) Regulations, 2018

Madhya Pradesh ERC (“**MPERC**”), by its notification dated October 3, 2025, has notified third amendment to MPERC (Forecasting, Scheduling, Deviation Settlement Mechanism and related Matters of wind and Solar Generating Stations) Regulations, 2018 (“**MPERC Forecasting Regulations**”).

The third amendment *inter alia*:

1. extends the applicability of MPERC Forecasting Regulations to ESS, including stand-alone ESS (having installed capacity of 10 (ten) MW and above) and stand-alone ESS, wind, solar and solar wind hybrid generation projects (selling power inter-state having installed capacity of 1 (one) MW and above);
2. introduces deviation charges for ESS projects, where stand-alone ESS and ESS integrated with wind/solar generators will be charged as per CERC (Deviation Settlement Mechanism and Related matter) Regulations 2024; and
3. revises bank guarantee amounts under to be submitted by Qualified Coordinating Agencies: (a) INR 10,000 (Indian Rupees ten thousand)/MW for Solar Generation projects; (b) INR 40,000 (Indian Rupees forty thousand)/MW for Wind Generation projects; (c) INR 25,000 (Indian Rupees twenty-five thousand)/MW for Hybrid Generation projects; and (d) INR 5,000 (Indian Rupees five thousand)/MW for stand-alone ESS projects, etc.

Haryana ERC notifies Haryana ERC (Terms and Conditions for determination of Tariff from Renewable Energy Sources, Renewable Purchase Obligation and REC) Regulations, 2025

Haryana ERC (“**HERC**”), by its notification dated October 29, 2025, has notified HERC (Terms and Conditions for determination of Tariff from Renewable Energy Sources, Renewable Purchase Obligation and REC) Regulations, 2025 (“**HERC RE Regulations**”).

The HERC RE Regulations *inter alia*:

1. define OEs as: (a) distribution licensees; (b) open access consumers (including short-term); and (c) grid-connected fossil fuel-based Captive Power Plants of 5 (five) MW and above, including fossil fuel-based co-generation plants of 5 (five) MW and above;
2. specify RPO compliance fulfilment through: (a) own generation from renewable sources; (b) procurement from RE developers; and (c) purchase of RECs, or a combination thereof; and
3. designate new and renewable energy, Haryana as the State Agency for accreditation and monitoring (RPO Compliance).

Telangana ERC notifies Telangana ERC (Rooftop Solar PV Grid Interactive Systems) Regulation, 2025

Telangana ERC (“**TERC**”), by its notification dated November 15, 2025, has notified the TERC (Rooftop Solar PV Grid Interactive Systems) Regulation, 2025 (“**Rooftop Solar Regulations**”).

The Rooftop Solar Regulations *inter alia*:

1. apply to all Rooftop solar PV Systems operating under: (a) Net Metering Arrangement; (b) Group Net Metering Arrangement; (c) Gross Metering Arrangement; and (d) Virtual Net Metering Arrangement; and
2. provides energy accounting and settlement framework for each arrangement.

Uttarakhand ERC notifies second amendment to Uttarakhand ERC (Tariff and Other Terms for Supply of Electricity from Renewable Energy Sources and non-fossil fuel based Co-generating Stations) Regulations, 2023

Uttarakhand ERC (“**UERC**”), by its notification dated November 27, 2025, has notified second amendment to the UERC (Tariff and Other Terms for Supply of Electricity from Renewable Energy Sources and non-fossil fuel based Co-generating Stations) Regulations, 2023

The second amendment *inter alia*:-

1. introduces BESS into the regulatory framework; and
2. specifies parameters for determination of generic tariff for BESS, including (a) capital cost (INR 250,00,000 lakh (Indian Rupees two hundred and fifty lakh)/MWh); (b) operation and maintenance expenses (1.25% of capital cost for first year with 5.72% annual escalation); and (c) degradation factor (2.5% per annum).

Meghalaya State ERC notifies Meghalaya State ERC (Conduct of Business) (First Amendment) (4 of 2025) Regulations, 2007

Meghalaya State ERC (“**MSERC**”), by notification dated November 27, 2025, has notified the MSERC (Conduct of Business) (First Amendment) Regulations, 2007 (“**COB Amendment Regulations**”).

The COB Amendment Regulations *inter alia*:

1. specify that the quorum for proceedings before the ERC (MSERC) will consist of 2 (two) members. However, the quorum may be 1 (one) member in the event that only 1 (one) member is functional due to vacancies in the ERC. It further specifies that no act or proceeding of the ERC will be questioned or invalidated merely on the ground of any vacancy or defect in the constitution of the ERC; and
2. confers specific powers on the ERC, including: (a) power to amend any defect in the proceedings; (b) power to remove difficulties; and (c) power to relax.

Chhattisgarh State ERC notifies Chhattisgarh State ERC (Conduct of Business) (Second Amendment) Regulations, 2025

Chhattisgarh State ERC (“CSERC”), by its notification dated November 20, 2025, has notified the CSERC (Conduct of Business) (Second Amendment) Regulations, 2025 (“COB Regulations”).

The COB Regulations *inter alia*:

1. specify that the quorum for proceedings before the CSERC must consist of 2 (two) members. However, the quorum may be 1 (one) member in the event that only one member is available due to vacancies in the Commission; and
2. further specify that for any adjudicatory function, it is mandatory that a person with a legal background be included as a member of the quorum/bench.

Kerala State ERC notifies Kerala State ERC (Renewable Energy and Related Matters) Regulations, 2025

Kerala State ERC (“KSERC”), by its notification dated November 5, 2025, has notified the KSERC (Renewable Energy and Related Matters) Regulations, 2025 (“KSERC RE Regulations”).

The KSERC RE Regulations *inter alia*:

1. introduce new arrangements to enable advanced renewable energy integration, including virtual power plants (aggregating distributed resources), peer-to-peer energy transactions, and vehicle-to-grid systems for bi-directional energy flow between electric vehicles and the grid; and
2. specify RPO and energy storage obligation targets for the OEs, allowing compliance through: (a) own generation; (b) open access; (c) requisition from distribution licensee; (d) consumption from captive power plants; or (e) purchase of RECs.

CERC recognises abolition of GST Compensation Cess and increase in the GST rate on procurement of coal as Change in Law Events

CERC by its *suo motu* order dated December 29, 2025,¹⁶ recognised the abolition of GST Compensation Cess¹⁷ and increase in GST rate on coal from 5% to 18%¹⁸ as Change in Law events applicable to all PPAs under Section 63 of the Electricity Act, with effect from September 22, 2025.

CERC further directed that all thermal generating companies must: -

1. Compute the net impact of both tax changes on landed coal cost on a station-wise and month-wise basis; and

¹⁶ Petition No. 10/SM/2025

¹⁷ (INR 400 (Indian Rupees four hundred)/MT) by Notification No. 2/2025-Compensation Cess (Rate) dated September 17, 2025

¹⁸ The Ministry of Finance, *vide* notification No.9/2025-Central Tax (Rate) dated September 17, 2025

2. Furnish relevant details backed by an Auditor's certificate and relevant documents to Discoms/Beneficiary States.

CERC issues Guidelines for Virtual PPAs.

CERC, by its notification dated December 24, 2025, has issued the Guidelines for Virtual PPAs (“**VPPAs**”) to facilitate the achievement of India's ambitious target of 500 (five hundred) GW of installed capacity from non-fossil fuel sources by 2030.

Under the aforesaid Guidelines: -

1. VPPAs are defined as Non-Transferable Specific Delivery (“**NTSD**”) based Over the Counter (“**OTC**”) Contracts between consumers or designated consumers and a Renewable Energy Generating Stations (“**REGS**”) ¹⁹, wherein the consumer guarantees payment of a mutually agreed VPPA Strike Price ²⁰ to the REGS for the entire contract duration.
2. VPPAs could be evolved as an instrument to enable the designated consumers to meet their RCO targets.

CERC notifies the CERC (Cross Border Trade of Electricity) (Second Amendment) Regulations, 2025

CERC, by its notification dated December 9, 2025, ²¹ specified the second amendment to CERC (Cross Border Trade of Electricity) Regulations, 2019 (“**Principal Regulations**”).

The second amendment to the Principal Regulations *inter alia*:

1. replaces the terms ‘Long-term Access’, ‘Medium-term Open Access’, and ‘Short-term Open Access’ with ‘GNA’ and ‘Temporary GNA’ (“**T-GNA**”) throughout the Principal Regulations, aligning the Principal Regulations with CERC (Connectivity and GNA to the inter-State Transmission System) Regulations, 2022; and
2. incorporates Regulation 33-A, directing the Central Transmission Utility (i.e., the Nodal Agency) to issue ‘Detailed Procedure for Connectivity and GNA’ in line with the Principal Regulations.

Regulatory updates

MNRE notified the National Policy on Geothermal Energy

MNRE, by its notification dated September 15, 2025, notified the National Policy on Geothermal Energy, to facilitate the exploration and development of untapped geothermal energy resources and to meet its ‘Net Zero 2070’ commitment.

The fundamental goals of the National Geothermal Policy, *inter-alia*, are:

1. improving research and technological capabilities in geothermal exploration, drilling, reservoir management, and cost-effective power generation;
2. deploying geothermal heating and cooling solutions, including ground source heat pumps and other direct-use applications for decarbonisation buildings, agriculture, industries, etc; and
3. building a robust public-private ecosystem for long-term development of geothermal sector.

¹⁹ REGS must be registered in accordance with the CERC (Terms and Conditions for REC for Renewable Energy Generation) Regulations, 2022, or amendments thereof.

²⁰ VPPA Strike Price means the price of electricity as mutually agreed between a Consumer or a Designated Consumer and a REGS.

²¹ CERC Notification No. 13/2/7/2015-PM/CERC

MNRE revises the application process under Waste to Energy Program

MNRE, by its Office Memorandum (“OM”) dated October 3, 2025, has issued revised guidelines for the ‘Waste-to-Energy Programme’ under the National Bioenergy Programme.²²

Some of the key changes under the revised guidelines are as under:

1. simplification of processes such as reduction in paperwork and reduced approval requirements;
2. improved system for releasing Central Financial Assistance;
3. increased transparency, accountability and credibility by mandating joint inspections led by National Institute of Bio-Energy (SSS-NIBE) along with any one agency among respective State Nodal Agencies, Biogas Technology Development Centres, or any agency empanelled by MNRE;

MNRE publishes Standard Operating Procedure for ALMM – Wind and ALMM – WTC

MNRE, by its OM dated October 29, 2025, published Standard Operating Procedure (“SOP”) for Approved List of Manufacturers and Models (“ALMM”) for Wind Turbines (“ALMM – Wind”) and ALMM for Wind Turbine Components (“ALMM – WTC”).

The SOP *inter alia*:

1. establishes the ALMM-Wind enlistment process which requires manufacturers to submit applications with valid Type Certificate (issued by accredited Type Certification Body), ISO certificates, Conformity statements, Final Evaluation Report, and Certified power curve. The ALMM-Wind Committee will then conduct document scrutiny and may accordingly recommend the applicant for listing;
2. introduces ALMM-WTC for major wind turbine components including blades, towers, generators, gearboxes, and special bearings (main, pitch, and yaw bearings). Component manufacturers must obtain ALMM-WTC enlistment through submission of Type Certificate, component certificate, ISO certificate, followed by physical inspection of manufacturing facilities by a Technical Team constituted by MNRE.

MNRE issued a Payment Release Mechanism

MNRE, by its OM dated October 6, 2025, in continuation to its operational guidelines²³, has issued a payment release mechanism under Utility Led Aggregation (“ULA”) model of PM Surya Ghar: Muft Bijli Yojna. The memorandum sets out the stages and manner of release of Central Financial Assistance (“CFA”) for the implementation of ULA projects.

The OM *inter alia* mandates:

1. that payment release mechanism under the OM must be applicable uniformly to all proposals under the ULA model inclusive of both Utility Owned and Consumer Owned models;
2. single-tranche payment of CFA, with no advance release permitted. CFA must be released only after successful physical installation, inspection, and commissioning of rooftop solar systems, verified through the National Portal by the Implementing Agency; and
3. upon verification by the National Programme Implementation Agency, the ULA redeem option will be used by the Implementing Agency to initiate the CFA disbursement process.

²² Issued on November 2, 2022, by MNRE.

²³ Dated December 28, 2024

MoP issued revised RCOs

MoP, by its notification dated September 27, 2025, has revised the minimum renewable energy consumption requirements for the designated consumers, superseding its earlier notification dated October 20, 2023²⁴.

The notification *inter alia*:

1. specifies that total renewable energy obligation to be increased progressively from 29.91% in 2024-25 to 43.33% in 2029-30, comprising four components: (a) wind energy; (b) hydro energy; (c) distributed renewable energy; and (d) other renewable energy; and
2. the conditions for computation of the RCO for various categories of consumers such as captive users, open access consumers, designated consumers etc.

MoP notifies Electricity (Amendment) Rules, 2025

MoP, by its notification dated September 19, 2025, notified the Electricity (Amendment) Rules, 2025. It amends Rule 18 of the Electricity Rules, 2005. The Electricity Amendment Rules, 2025 expands the scope of Energy Storage Systems' ("ESS") ownership and operational flexibility by stating that: -

1. ESS may be developed, owned, leased or operated by a generating company or a transmission licensee or a distribution licensee or a consumer or a system operator or an independent energy storage service provider; and
2. the developer or owner of the ESS must have the option to sell or lease or rent out the storage capacity in whole or in part to any consumer or utility engaged in generation or transmission or distribution.

MoP notifies comprehensive policy for co-firing of biomass pellets (including torrefied charcoal made from municipal solid waste) in coal based thermal power plants

MoP by its notification dated November 7, 2025, has issued a Comprehensive Policy for Co-firing of Biomass pellets (including torrefied charcoal from Municipal Solid Waste ("MSW")) in Coal-based Thermal Power Plants.

The policy *inter alia*: -

1. mandates that all Coal-based Thermal Power Plants in the National Capital Region ("NCR") must, on annual basis use 5% blend (by weight) of biomass pellets and additional 2% blend (by weight) either from biomass pellets and/or torrefied charcoal made from MSW along with coal with effect from FY 2025-26;
2. Provides that for TPPs in NCR and adjoining areas, a minimum 50% of raw material in pellets must be stubble/straw/crop residue from rice paddy sourced exclusively from NCR and adjoining areas; and
3. Specifies that OEs such as Discoms can meet their RCO through such co-fired generation.

Government of Gujarat has issued Gujarat RE Policy

EPD GoG, by its Notification dated December 24, 2025, has issued Gujarat RE Policy²⁵, to attain energy independence, affordable and reliable renewable power, and contribute towards National Energy Transition with Mission of Gujarat as a Green Energy Leader by achieving 100 (one hundred) GW+ of Renewable Energy capacity, contributing significantly to India's 500 (five hundred) GW target by 2030.

²⁴ Published vide No. S.O. 4617(E)

²⁵ Will remain in force till [†] December 31, 2030

The Gujarat RE Policy *inter alia*: -

1. promotes integration of BESS with solar, wind and hybrid projects;
2. provides for relaxation in renewable energy project commissioning;
3. lays out supportive framework for Wind Repowering and Refurbishment; and
4. promotes private players for Renewable Energy development.

GoG has issued Gujarat Green Hydrogen Policy 2025

EPD GoG, has issued Gujrat Green Hydrogen Policy 2025²⁶ (“**Hydrogen Policy**”) for enhancing energy security, and enabling the production, consumption, and export of green hydrogen and its derivatives with Mission to position Gujarat as a leading hub in the green energy ecosystem by achieving green hydrogen production capacity of 3 (three) million metric tons per annum (“**MMTPA**”) by 2035.

The key objective of Hydrogen Policy is to: -

1. facilitate approximately INR 5,00,000 crore (Indian Rupees five lakh crore) in investments across the green hydrogen and renewable energy sectors; and
2. reduce, at least, 2 (two) MMTPA of natural gas consumption through the adoption of green hydrogen and eliminate 5 (five) MMTPA of CO₂ emissions within the State of Gujarat.

²⁶ Will remain in force till 31st December 2035

Electricity and Power Practice

JSA is the leading national practice in the power sector – conventional and non-conventional. JSA provides legal services at all stages of the value chain in the sector - across the spectrum of contractual, commercial, policy, regulatory and legal issues. We represent clients in all segments: generation, transmission, distribution and trading. JSA serves its clients by transaction-specific integrated teams across various locations and practice areas (Banking & Finance, Mergers & Acquisition and Private Equity, Projects and project related contracting, Dispute Resolution, Taxation, Regulatory proceedings and Policy advisory).

JSA has been regularly engaged in; (a) providing policy advice to Governments of Bangladesh and Maldives, as also the Government of India besides various Indian states. Also, JSA partners have presented expert testimony to the Parliamentary Standing Committees and the Forum of Regulators on challenges faced by the power sector and proposed legislative and policy changes, development financial institutions like the World Bank, the Asian Development Bank, DfID, USAID regulatory authorities and industry bodies; (b) advising project developers, investors, suppliers and contractors on commercial / transactional issues and all aspects of licensing, market structures, competition, performance standards and tariffs; (c) advising financial institutions and borrowers in relation to financing transactions; (d) Advising clients on sustainable development issues like clean development mechanism and environmental compliances; and (e) specialised dispute resolution.

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15 Practices and
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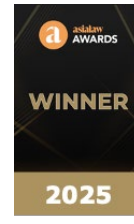
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