India's Electricity Sector Quarterly Round-Up

April-June 2026

Key Notifications

Ministry of New and Renewable Energy proposes one-time relief package for already awarded renewable energy capacities awaiting signing of PPAs

The Ministry of New and Renewable Energy (MNRE), Government of India (GoI), vide Office Memorandum (OM) dated 25 May 2026, has proposed a structured One-Time Relief Package (Proposed Relief Package) to address cases where Letters of Award (LoAs) have been issued by Renewable Energy Implementing Agencies (REIAs), acting as Intermediary Procurers, but Power Purchase Agreements (PPAs) and Power Sale Agreements (PSAs) remain unsigned as on 30 April 2026. This proposal is aimed at providing relief to generating companies holding an aggregate capacity of 44.8 GW of renewable energy (RE), affected by such pendency.

The Proposed Relief Package has been structured under the following 2 (two) tracks:

Demand-side facilitation measures:

These measures are intended to incentivise distribution licensees (DISCOMs) to execute PSAs/PPAs within a 90 day period, extendable by up to 30 days. The measures proposed include:

i. A one-time enhanced waiver of Inter-State Transmission System (ISTS) charges for projects signing PSAs/PPAs within the specified window

ii. Provision for integration of 2 hours of Battery Energy Storage System (BESS) capacity for States signing PPAs for vanilla solar projects;

iii. A one-time relaxation allowing ISTS-tendered projects to connect to the State Transmission Utility (STU) network where supply is within the same State

iv. Deemed Renewable Purchase Obligation (RPO)/ Renewable Consumption Obligation (RCO) compliance for States signing PSAs within the stipulated period, including in certain transmission-delay scenarios

v. Deemed tariff adoption where the concerned State Electricity Regulatory Commission (SERC) does not act within 45 days of the application

Supply-side resolution options for developers:

For developers holding stranded LoAs, the proposal provides 3 resolution options, one of which must be elected within the prescribed timeline.

i. First, a developer may exit the LoA route while retaining connectivity, subject to a fresh Scheduled Commercial Operation Date (SCOD) and applicable Milestone Extension Charges (MECs). MECs are payable as stipulated with no MEC being levied for the first 2 months post-General Network Access (GNA) effective date for COD achievement.

ii. Secondly, a developer may substitute its stranded LoA with a PPA signed under another LoA by applying to Central Transmission Utility of India Limited (CTUIL) for conversion to the PPA route. The SCOD will be as per the substitute PPA, subject to an outer limit of 30 months from the date of conversion. MEC conditions are the same as under Option I.

iii. Thirdly, a developer may opt for a penalty-free exit by surrendering connectivity and obtaining return of the connectivity bank guarantees, resulting in cancellation of the corresponding REIA LoA. If no option is exercised within time, the penalty-free exit would apply by default.

MNRE declines Blanket Extension of ALMM List-II for Solar PV Cells beyond 01 June 2026

MNRE, vide OM dated 25 May 2026, clarified that no blanket extension of the Approved List of Models and Manufacturers (ALMM) List-II deadline for solar PV cells beyond 1 June 2026 would be granted. As a result, all net metering and open access renewable energy projects commissioned on or after 1 June 2026 are required to source

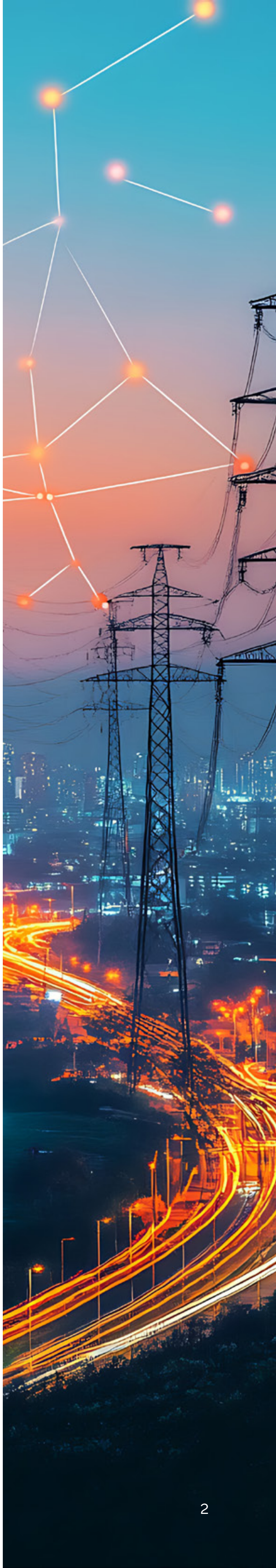
- Solar PV modules from ALMM List-I
- Solar PV cells from ALMM List-II

However, the OM provides for case-specific extensions under two categories:

Category I covers projects where 100% of solar PV modules had been installed at site before 1 June 2026 but the project had not yet been commissioned.

Category II covers projects where effective implementation steps had been taken before 1 June 2026, including possession of at least 75% of project land, achievement of financial closure, receipt of in-principle connectivity, approval of electrical drawings before 1 May 2026, and either 100% of modules having arrived at site before the date of the OM or more than 50% of modules having been installed at site before 1 June2026.

All claims are required to be submitted through the NISE portal by 30 June 2026 and will be examined by an Expert Committee constituted by MNRE.



MNRE approves Implementation of Small Hydro Power Development Scheme from 1 MW to 25 MW for FY 2026–27 to FY 2030–31

MNRE, vide OM dated 15 May 2026, issued operational guidelines for implementation of the Small Hydro Power (SHP) Development Scheme for the period FY 2026–27 to FY 2030–31 (Scheme), with a total financial outlay of INR 25.84 billion. The Scheme applies to SHP projects in the 1 MW to 25 MW range and seeks to address implementation ambiguities, particularly in relation to the timing and eligibility criteria for disbursement of Central Financial Assistance (CFA).

MNRE clarifies the non-requirement of NOC for the sale of non-renewable ESS power under FDRE PPAs

MNRE, vide OM dated 11 April 2026, addressed an operational issue arising in Firm and Dispatchable Renewable Energy (FDRE) projects where the ESS is commissioned before the associated renewable generation component. The clarification addresses situations where the ESS is charged using grid power and the discharged non-renewable power is sold through merchant or third-party routes. MNRE clarified that in such cases, the requirement of obtaining a No-Objection Certificate (NOC) from the intermediary procurer or end procurer would not apply to such sale, on the basis that the "Right of First Refusal" under FDRE PPAs is triggered only upon commissioning of the underlying RE generating component.

Ministry of Power notifies 1 June 2026 as date for Implementation of decriminalisation measures under the Jan Vishwas (Amendment of Provisions) Act, 2026

The Ministry of Power (MoP), GoI, vide Notification dated 18 May 2026, has notified 1 June 2026 as the date on which the amendments introduced under the Jan Vishwas (Amendment of Provisions) Act, 2026, insofar as they relate to the Electricity Act, 2003 (Electricity Act), shall come into force. The amendments decriminalise certain contraventions under the Electricity Act by replacing criminal sanctions with a civil penalty-based enforcement framework. In particular:

Section 139 has been amended to remove criminal prosecution for negligent damage to electrical works, with such contraventions now punishable by monetary penalty to be imposed by the designated adjudicating authority, including enhanced penalties for repeat contraventions.

Section 140 has similarly been amended to decriminalise the offence relating to wilful injury to, or interference with, electrical works, with the earlier criminal fine-based regime being replaced by a graded civil penalty mechanism.

Section 142 has been amended to remove imprisonment as a consequence for contravention of directions issued by the Appropriate Commission, with non-compliance now attracting civil penalties of not less than INR 10,000 and up to INR 5,00,000.

Section 146 has similarly been amended to remove imprisonment for failure to comply with orders or directions issued under the Electricity Act, with such contraventions now attracting civil penalties of not less than INR 10,000 and up to INR 10,00,000.

MoP introduces Insurance Surety Bonds (ISBs) as an alternative to Bank Guarantees across all power procurement frameworks

MoP, vide OM dated 6 April 2026, directed all States, Union Territories, and procuring utilities to suitably modify their bidding documents to accept ISBs as an alternative to traditional Bank Guarantees for bid security and performance security obligations. The OM follows the earlier OM by way of which Ministry of Finance (MoF), GoI, partially amended Rules 170(i) and 171(i) of the General Financial Rules, 2017, placing ISBs on a par with account payee demand draft, fixed deposit receipt, banker's cheque, or bank guarantee, as instrument eligible for furnishing bid security and performance security.

Ministry of Coal issues draft Coal Mines (Special Provisions) Adjudication of Penalties Rules, 2026

The Ministry of Coal (MoC) has, on 16 June 2026, issued the draft Coal Mines (Special Provisions) Adjudication of Penalties Rules, 2026 (Draft Adjudication Rules), in exercise of powers under Section 31 read with Section 24A of the Coal Mines (Special Provisions) Act, 2015 (Coal Mines Act). The Draft Adjudication Rules propose, inter alia, to:

- Designate the nominated authority appointed under Section 24A(1) of the Coal Mines (Special Provisions) Act, 2015 as the "adjudication authority" for the purposes of adjudication of penalties
- Empower the adjudication authority to initiate inquiry proceedings either suo motu or upon receipt of a complaint or report where it has reason to believe that a person has committed a contravention liable for adjudication under Section 24A of the Coal Mines Act
- Permit the adjudication authority, for the purposes of inquiry, to call for information, records, books, registers, returns or documents, require the attendance of persons acquainted with the facts, seek written explanations, and obtain inspection or technical reports from government agencies, expert bodies or technical institutions
- Prescribe factors for determination of penalty, including the nature, gravity and duration of the contravention, repetitive nature of the default, amount of gain or unfair advantage derived, loss or damage caused to public interest or Government revenue, whether the contravention was wilful, fraudulent or mala fide, the conduct of the person during inquiry, and any mitigating steps taken.

MoC notifies Coal Exchange Rules, 2026

MoC has, vide notification dated 4 June 2026, notified the Coal Exchange Rules, 2026 (Coal Exchange Rules), in exercise of powers under Section 18B of the Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act). The Coal Exchange Rules provide, inter alia, as under:

i. Framework to be established for registration, regulation and functioning of a "Coal Exchange", being an online platform where buyers and sellers of coal transact, trade and enter into delivery-based contracts;

ii. An applicant seeking registration as a Coal Exchange shall be required to be a demutualised company limited by shares, incorporated under the Companies Act, 2013, with a minimum net worth of INR 500 million, and compliant with the prescribed ownership and governance requirements;

iii. Registration of a Coal Exchange shall be valid for 25 years and may be renewed for a further 25 years upon application;

iv. Ownership restrictions shall be imposed such that no member or client of a Coal Exchange may, directly or indirectly, individually or together with associates, affiliates or persons acting in concert, acquire or hold more than 5% of the paid-up equity share capital of the Coal Exchange, and all members or clients in aggregate may not hold more than 49% thereof; and

v. Each Coal Exchange shall be required to establish mechanisms for risk management, market surveillance, grievance redressal, transaction reporting and information dissemination, including publication of prices, volumes, transaction fees, historical prices, demand and supply curves, and complaint resolution details on its website.

Central Electricity Authority issues public notice on draft Compendium of Definitions in CEA Regulations

The Central Electricity Authority (CEA), vide public notice dated 18 June 2026, has placed in the public domain a draft Compendium of Definitions in CEA Regulations for comments and suggestions from stakeholders and the general public.

CEA has undertaken this exercise to harmonise definitions appearing across various regulations framed by it, with the objective of promoting consistency and uniformity in interpretation across the regulatory framework. CEA has clarified that common definitions appearing in different regulations have been harmonised to the extent feasible, while definitions that could not be harmonised due to contextual or regulation-specific requirements have been retained separately and are proposed to be read in the context of the respective regulations. The draft compendium has been prepared pursuant to the recommendations of a Technical Committee constituted by CEA, which examined definitions contained in various CEA regulations. Stakeholders and the public have been invited to submit comments and suggestions to the Chief Engineer (Regulatory Affairs Division), CEA, by post or email at "cea-ra2017@gov.in" latest by 25 July 2026.

Central Electricity Regulatory Commission issues Draft 3rd Amendment to the CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2024

The Central Electricity Regulatory Commission (CERC) has issued the draft CERC (Deviation Settlement Mechanism and Related Matters) (Third Amendment) Regulations, 2026 (Draft Third Amendment), proposing amendments to the existing Deviation Settlement Mechanism (DSM) framework in exercise of powers under Section 178 read with Section 79(1)(c) and (h) of the Electricity Act. The Draft Third Amendment proposes, inter alia, to:

i. Shift the Area Clearing Price benchmark for deviation charges from a time-block-wise approach to a daily weighted average, thereby smoothing intra-day price volatility

ii. Phase out the preferential deviation charge treatment currently available to "wind-solar sellers", with parity with "general sellers" applying to projects bid out from 1 January 2027 and to other projects achieving Commercial Operation Date (COD) from 1 January 2029

iii. Compute DSM charges for standalone pumped hydro storage plants under Section 62 at the energy charge rate under Regulation 66 of the CERC (Terms and Conditions of Tariff) Regulations, 2024

iv. Compensate for infirm power injected by a standalone Energy Storage System (ESS) between first synchronisation and completion of trial run at the Normal Rate of Charges for deviations, subject to a cap of INR 2.00/kWh

v. Replace the fixed 10 (ten) day payment timeline for DSM charges by timelines prescribed under the 'Detailed Procedure for the National Deviation and Ancillary Services Pool Account'

CERC issues Draft 4th Amendment to the CERC (Connectivity and General Network Access to the Inter-State Transmission System) Regulations, 2022

CERC, on 20 May 2026, issued the draft CERC (Connectivity and General Network Access to the Inter-State Transmission System) (Fourth Amendment) Regulations, 2026 (Draft Fourth Amendment), proposing amendments to the CERC (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2022 (GNA Regulations). The Draft Fourth Amendment proposes several changes to the connectivity and GNA framework, particularly for energy storage systems (ESS), renewable energy generating stations (REGS), and hybrid or multi-location projects. A public hearing on the draft has already been held, and the final amendments are expected to be issued in due course. The Draft Fourth Amendment proposes, inter alia, as under:

i. A minimum discharge requirement for ESS of 2 (two) times the connectivity quantum in MWh and clarifies that installed renewable capacity used solely for meeting technical compliances at the point of injection will not be counted towards installed capacity for the purpose of ISTS connectivity.

ii. It further permits an ESS to install RE capacity exclusively for charging the ESS, without requiring separate land documents or financial closure for such charging capacity.

iii. It also introduces a new concept of Land Bank Guarantee (Land BG) for guarantees furnished under Regulation 5.8, provides an option to withdraw the entire connectivity quantum with return of applicable bank guarantees where the gap between the likely start date in the in-principle grant and the final connectivity grant is 2 years or more, and requires land and financial closure compliances to be furnished within 15 days of the effective date of GNA in specified cases.

iv. It also proposes greater flexibility for hybrid, FDRE and multi-location projects. In particular, where a single LoA or PPA contemplates projects across multiple locations, the applicant may seek connectivity at one or more such locations up to the LoA/PPA quantum or location-specific installed capacity, whichever is lower, and may combine LoA/PPA-based connectivity with land or Land BG-based connectivity for the balance quantum at a location. In such cases, the full connectivity sought at that location would be treated as a single generating station, with the SCOD linked to the LoA or PPA.

v. It also continues to permit conversion of connectivity originally obtained under the land/BG route to the PPA route under Regulation 11A, where an eligible PPA is subsequently entered into.

CERC issues Draft 2nd Amendment to the CERC (Power Market) Regulations, 2021

CERC, on 17 April 2026, issued the draft CERC (Power Market) (Second Amendment) Regulations, 2026 proposing amendments to the CERC (Power Market) Regulations, 2021 (PMR 2021), for operationalisation of market coupling. The draft proposes designation of Grid Controller of India Limited (Grid India) as the Market Coupling Operator (MCO), introduces definitions for "Grid India" and the "Power Market Coupling Procedure" (PMCP), and contemplates application of market coupling to the Day-Ahead Market (DAM), Real-Time Market (RTM), and such other segments as may be notified by CERC. It also requires Grid India to formulate the PMCP within 6 months of notification, subject to CERC approval. Under the proposed structure, bids collected by power exchanges are to be validated, anonymised and forwarded to Grid India for price discovery, with a uniform market clearing price applying where transmission is unconstrained and market splitting applying where congestion exists.

CERC notifies CERC (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) (First Amendment) Regulations, 2026

CERC, on 1 April 2026, notified the CERC (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) (First Amendment) Regulations, 2026 (REC Amendment), amending the CERC (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2022. The salient features, inter alia, of the REC Amendment are as follows:

Inserted definitions for "Designated Consumer" (as defined under the Energy Conservation Act, 2001), "RCO", and "Virtual Power Purchase Agreement" (VPPA) (as defined under the PMR 2021)

Expanded eligibility to self-consuming renewable energy plants not qualifying as Captive Generating Plants (CGPs) under the Electricity Rules, 2005 (Electricity Rules)

Provides that Renewable Energy Certificates (RECs) issued to a generating station under a VPPA shall automatically stand transferred to the relevant designated consumer for RPO/RCO compliance and stand extinguished upon such transfer, rendering them ineligible for market sale

Introduced revised REC multipliers for newly commissioned projects, based on weighted criteria including tariff range, technology maturity and peak support, with multipliers ranging from 1.0 for solar and onshore wind to 4.0 for offshore wind for a period of 15 (fifteen) years from commissioning

Rajasthan Electricity Regulatory Commission notifies RERC (Demand Flexibility (DF)/Demand Side Management (DSM)) Regulations, 2026

The Rajasthan Electricity Regulatory Commission (RERC) has, vide notification dated 15 June 2026, notified the RERC (Demand Flexibility (DF)/Demand Side Management (DSM)) Regulations, 2026 (DF/DSM Regulations), in exercise of powers under Section 181(2)(zp) of the Act read with Sections 3, 61, 66 and 86 of the Act. The DF/DSM Regulations provide, inter alia, as under:

i. Introduction of a Demand Flexibility Portfolio Obligation (DFPO) framework for distribution licensees, with targets linked to peak demand experienced in the previous financial year, namely 0.25% for FY 2026-27, 1% for FY 2027-28, 1.5% for FY 2028-29 and 2% for FY 2029-30;

ii. Treatment of FY 2026-27 as a preparatory year for load research and capacity building, with no disincentive applicable for that period

iii. Each distribution licensee is required to establish a DF/DSM Cell, headed by an officer not below the rank of Chief Engineer, and to integrate DF/DSM planning into Multi-Year Tariff (MYT)/Annual Revenue Requirement (ARR) filings, with annual reporting through APR filings

iv. Distribution licensees are permitted to meet DFPO either through their own programmes or by procuring capacity from registered aggregators, while also requiring them to frame guidelines for registration and governance of aggregators

v. Distribution licenses shall be eligible for incentive/disincentive of INR 0.20 Crores per MW for over-achievement/under-achievement of DFPO targets, subject to the carve-out for the first preparatory year

vi. Expressly excludes fossil-fuel-based diesel generators from qualifying as eligible DF/DSM resources.

RERC finalises 3rd Amendment to the RERC (Terms and Conditions for Tariff Determination from Renewable Energy Sources) Regulations, 2020

RERC has finalised the RERC (Terms and Conditions for Tariff Determination from Renewable Energy Sources) (Third Amendment) Regulations, 2026 (Third Amendment Regulations), in exercise of powers under Sections 61 and 62 read with Sections 86 and 181 of the Act. The Third Amendment Regulations provide, inter alia, as under:

i. Applicability and control period of the principal Regulations has been extended from 1 April 2020 up to 31 March 2028

ii. Regulation 21A has been inserted to provide that calculation of Capacity Utilization Factor (CUF) and Plant Load Factor (PLF) shall be reckoned on an annual basis, with the number of hours in a year to be considered as 24 multiplied by the number of days in the financial year under consideration

iii. The late payment surcharge (LPSC) provision has been substituted to provide that, where payment of any bill is delayed beyond 45 days from presentation of bills, LPSC shall be levied in accordance with the Ministry of Power Electricity (Late Payment Surcharge and Related Matters) Rules, 2022, as amended from time to time

iv. The provision relating to the minimum rated energy capacity of an Energy Storage System (ESS) has been amended to provide that such minimum rated energy capacity shall be as proposed in the project and agreed by the procuring entity

v. The storage efficiency provision has been amended to specify that the minimum efficiency for storage based on solid-state battery technology shall be 85%

vi. Relaxations in respect of transmission charges and wheeling charges, beyond those already specified in the principal Regulations, shall be governed in accordance with the RERC (Terms and Conditions for Green Energy Open Access) Regulations, 2025, as amended from time to time

vii. Relaxations in respect of cross-subsidy surcharge and additional surcharge shall be governed in accordance with the RERC (Terms and Conditions for Green Energy Open Access) Regulations, 2025, as amended from time to time

viii. Banking shall be governed by the provisions of the RERC (Terms and Conditions for Green Energy Open Access) Regulations, 2025 and amendments thereto

RERC notifies RERC (Battery Energy Storage Systems) Regulations, 2026

RERC has, vide notification dated 13 May 2026, notified the RERC (Battery Energy Storage Systems) Regulations, 2026 (BESS Regulations), providing a framework for the planning, procurement, development, ownership, operation and utilisation of BESS in Rajasthan. The BESS Regulations recognise multiple ownership and deployment models, including standalone, co-located, utility-scale and behind-the-meter systems, and apply to licensees, generating companies, renewable energy developers, BESS service providers, aggregators, consumers, and prosumers.

The BESS Regulations provide that procurement of BESS capacity or services by utilities is to be undertaken through competitive bidding, unless otherwise approved by the RERC, and also recognise the use of BESS for ancillary and grid support services. Further, the BESS Regulations prescribe a minimum project size of 1 MW and a minimum storage duration of 2 hours for grid-scale systems, while also permitting installation of behind-the-meter BESS by consumers and prosumers, subject to compliance with applicable technical, safety, metering and operational requirements.

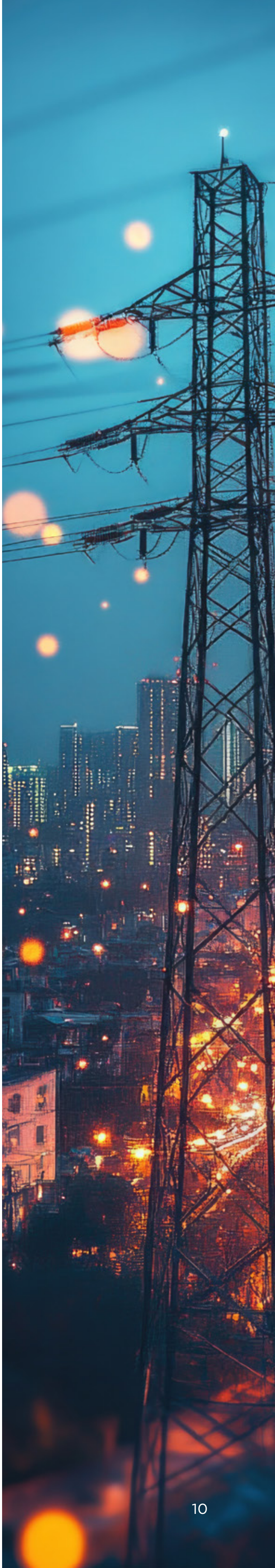
Delhi Electricity Regulatory Commission notifies 1st Amendment to the DERC (Terms and Conditions for Green Energy Open Access) Regulations, 2024

The Delhi Electricity Regulatory Commission (DERC), vide notification dated 17 June 2026, has notified the Delhi Electricity Regulatory Commission (Terms and Conditions for Green Energy Open Access) (First Amendment) Regulations, 2026, removing the requirement that an eligible consumer or entity be connected at 11 kV or above for availing green energy open access under the principal regulations. As amended, any consumer having a contracted demand or sanctioned load of 100 kW or more, whether through a single connection or multiple connections aggregating to 100 kW or more within the area of supply of the same distribution licensee, shall be eligible for grant of green energy open access.

DERC grants relaxation in relation to the FPPAS Ceiling prescribed under the Tariff Regulations

DERC, vide order dated 10 June 2026, has granted relaxation under Regulation 172 of the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017 (Tariff Regulations), in relation to the ceiling prescribed under Regulation 134(d) and the restriction under Regulation 134(k).

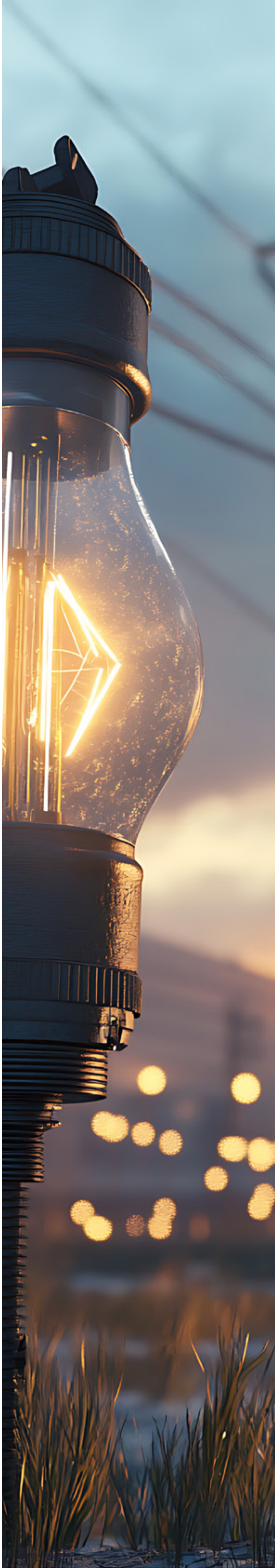
Vide the Order, BSES Rajdhani Power Limited (BRPL) and BSES Yamuna Power Limited (BYPL) have been permitted to recover, for April 2026, an additional Fuel and Power Purchase Adjustment Surcharge (FPPAS) of 7.94% and 7.43%, respectively, over and above the 10% ceiling, resulting in total permitted FPPAS recovery of 17.94% for BRPL and 17.43% for BYPL. Tata Power Delhi Distribution

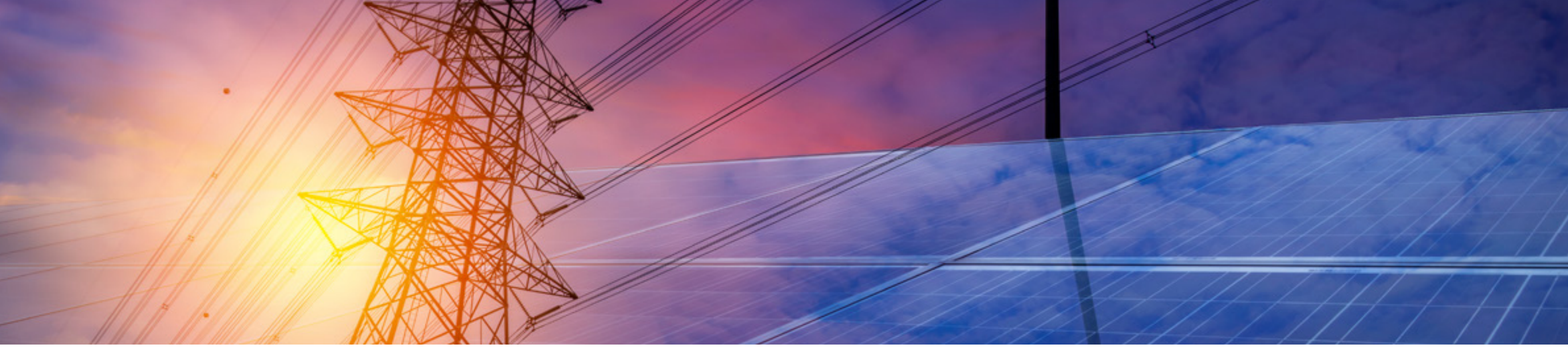


Limited (TPDDL) has been permitted an additional FPPAS of 8.50%, but its total recovery for April 2026 has been restricted to 16%, subject to submission of a statutory auditor certificate and supporting affidavit in the prescribed form. Further, the Order states that such relaxation shall operate from the date of issuance and shall apply on a month-to-month basis until further orders of the DERC.

DERC notifies DERC (Terms and Conditions for Determination of Tariff) (Second Amendment) Regulations, 2026

DERC has, vide notification dated 30 April 2026, notified the DERC (Terms and Conditions for Determination of Tariff) (Second Amendment) Regulations, 2026, with effect from 1 June 2026 corresponding to power procurement from 1 April 2026 onwards. The amendment substitutes Regulation 134 and revises the framework for FPPAS, including automatic monthly computation and billing in the "n+2" month based on actual variation in power purchase cost and transmission charges, subject to annual true-up. The amended Regulation also caps FPPAS recovery at 10% of the total energy charges and fixed charges billed to consumers, with any amount above the cap to be carried forward and adjusted in subsequent months of the same financial year.





Key Judgments – The Supreme Court of India

Punjab State Power Corporation Limited v Talwandi Sabo Power Limited, 2026 SCC OnLine SC 906

The Supreme Court held that

Failure to demonstrate declared capacity under Regulation 11.3.13 of the Punjab State Grid Code, 2013, is a strict liability, attracting automatic penalty upon demonstration failure without any requirement to prove intent, motive, mens rea or illegal enrichment

Gaming is a distinct and more serious misconduct requiring a finding of intentional misdeclaration, undue commercial gain and compliance with principles of natural justice through a full inquiry

Deviation, failure to demonstrate declared capacity and gaming are distinct concepts that must not be conflated

Indian Railways v West Bengal State Electricity Distribution Company Limited & Ors, 2026 SCC OnLine SC 826

The Supreme Court held that

i. Indian Railways does not qualify as a Deemed Distribution Licensee (DDL) under the third proviso to Section 14 of the Electricity Act, as it neither distributes electricity nor supplies it to external consumers

ii. Indian Railways remains liable to pay Cross-Subsidy Surcharge (CSS) and Additional Surcharge (AS) when availing open access for procuring electricity for its own operational use, consistent with its characterization as a consumer

iii. The non-obstante clause under Section 11 of the Railways Act, 1989, does not override the licensing and regulatory framework of the Electricity Act

iv. While Indian Railways may technically qualify as "Appropriate Government" under Section 2(5)(a) of the Electricity Act by virtue of Central Government control, this status confers no substantive benefit in the absence of actual distribution functions

Delhi Electricity Regulatory Commission v Tata Power Delhi Distribution Limited, 2026 SCC OnLine SC 819

The Supreme Court held that (i) depreciation under the DERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2011 is not recoverable from consumers beyond the approved operational and tariff recovery period of the plant merely because the plant has a longer technical useful life; (ii) tariff determination is a regulatory balancing exercise, and reasonable cost recovery must be weighed against the statutory obligation to safeguard consumer interest under Section 61(d) of the Electricity Act; and (iii) consumers cannot be required to pay tariff charges for a period during which electricity was no longer supplied to them.

Key Judgments – The Appellate Tribunal for Electricity

Diwakar Renewable & Infra (P) Limited v Maharashtra Electricity Regulatory Commission, 2026 SCC OnLine APTEL 54

APTEL held that a procurer cannot, after completion of a competitive bidding process and submission of bids, introduce or incorporate a new condition that materially alters the basis of the tender, as this would amount to impermissibly changing the "rules of the game" after the process has commenced. Applying this principle, APTEL found that the post-bid requirement relating to retention of a contractual right to use the BESS for at least 6300 cycles during the contract period materially departed from the original single-cycle-per-day framework under the tender and was therefore unsustainable. Maharashtra State Electricity Distribution Company Limited (MSEDCL) was, accordingly, directed to return security deposits and bank guarantees within 4 (four) weeks.

BSES Yamuna Power Limited v Delhi Electricity Regulatory Commission, 2026 SCC OnLine APTEL 46

APTEL held that

i. Once the PPAs between the distribution licensees and the generating company had expired by efflux of time and were neither renewed nor extended, the distribution licensees could not be made liable to pay energy bills or capacity charges for the period thereafter merely because power continued to be scheduled and dispatched;

ii. A PPA, once approved, is akin to a commercial contract and the rights and obligations of the parties are governed by its terms and conditions, including the duration clause; and

iii. State Load Despatch Centre is obliged, under Section 32(2)(a) of the Act to schedule and dispatch electricity in accordance with the contracts entered into between generating companies and licensees, and therefore cannot continue scheduling power after being informed that the relevant PPA has expired, save for verifying such position with the concerned parties.

Everest Power (P) Limited v Punjab State Electricity Regulatory Commission, 2026 SCC OnLine APTEL 40

APTEL reaffirmed that tariff determination must strictly adhere to the governing regulatory framework and cannot be reduced to a mechanical exercise. APTEL held that baseline O&M expenditure under Regulation 8.1(b) of the Punjab State Electricity Regulatory Commission (Terms and Conditions of Determination of Generation, Transmission, Wheeling and Retail Supply Tariff) Regulations, 2014, must be determined through a mandatory multi-factor assessment, including past approved figures, latest audited accounts, estimates for the relevant year, industry benchmarks, and project-specific considerations, and cannot be based solely on prior approved figures escalated by Wholesale Price Index.

Damodar Valley Corporation v Jharkhand State Electricity Regulatory Commission, 2026 SCC OnLine APTEL 37

APTEL held that, for the purposes of tariff determination by the Jharkhand State Electricity Regulatory Commission (JSERC), Non-Tariff Income (NTI) must be confined to income attributable to Damodar Valley Corporation's (DVC) distribution business in Jharkhand and cannot include income from generation, transmission or other activities outside JSERC's regulatory domain. It further clarified that mere disclosure of an item under "Other Income" in audited accounts does not, by itself, justify its treatment as NTI for the distribution segment. Distinguishing between the "distribution business" and the "distribution system", APTEL observed that tariff for DVC's integrated transmission and distribution system continues, for the present, to be determined by the CERC. Accordingly, APTEL set aside JSERC's findings on the disputed "Other Income" items and directed re-computation of tariff on the basis that Delayed Payment Surcharge (DPS) alone would qualify as NTI. APTEL also laid down a framework for segregation of DVC's network and accounts into transmission and distribution elements, and directed identification of DVC's distribution assets in Jharkhand for tariff determination with effect from 1 April 2027.

Chhattisgarh State Power Distribution Company Limited v Chhattisgarh State Electricity Regulatory Commission, 2026 SCC OnLine APTEL 36

APTEL held that

i. The Electricity Act, and Rule 3 of the Electricity Rules do not require a CGP and its captive user to be situated in the same State;

ii. A holding company may qualify as a captive user in respect of electricity supplied through inter-State open access from the CGP of its wholly owned subsidiary, provided the ownership and consumption thresholds under Rule 3 are met;

iii. For the purposes of Rule 3, the ownership and electricity consumption of a holding company and its wholly owned subsidiary may be considered collectively

iv. The 2023 amendments to Rule 3, expressly recognising consumption by a holding company or subsidiary company as admissible captive consumption, are clarificatory in nature.

Suo-Moto action under Section 121 of the EA v Secretary, Forum of Regulators (R-1) Central Electricity Regulatory Commission, 2026 SCC OnLine APTEL 39

APTEL held that

i. The Supreme Court's direction requiring a "strict and intensive audit" of the distribution companies of Delhi did not mandate that such audit be conducted by the Comptroller and Auditor General of India (CAG)

ii. Entrustment of such audit to the CAG was impermissible in the absence of compliance with Section 20 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, including satisfaction of the Lt. Governor that such audit was expedient in public interest and affording the discoms a reasonable opportunity to make representations

iii. The DERC was competent to appoint an appropriate chartered accountant to undertake the audit required by the Supreme Court

iv. APTEL in exercise of its supervisory jurisdiction under Section 121 of the Electricity Act could examine and ensure that implementation of the Supreme Court's directions remained consistent with statutory requirements

ACME Dayakara Solar Power (P) Limited v Telangana State Electricity Regulatory Commission, 2026 SCC OnLine APTEL 34

APTEL held that

i. The imposition of Entry Tax in the State of Telangana through the Telangana Tax on Entry of Goods into Local Areas Act, 2001, read with the judgment of the Supreme Court in Jindal Stainless Limited v State of Haryana, (2017) 12 SCC 1, constitutes a "Change in Law" event

ii. Once an event qualifies as a "Change in Law" event, the affected party is entitled to consequential restitutionary relief even if the PPA does not contain an express clause quantifying such restitutionary entitlement, and that absence of such a clause cannot be read to the prejudice of the affected party

North Bihar Power Distribution Company Limited v Bihar Electricity Regulatory Commission, 2026 SCC OnLine APTEL 31

APTEL held that

i. Where substitution of contracted power with cheaper market power results in overall consumer benefit, fixed capacity charges under an approved power purchase agreement cannot be disallowed solely because the contracted quantum was not fully scheduled

ii. A normative or 'deemed' rebate on power purchase cannot be treated as NTI in the absence of a statutory or regulatory basis, and only rebate actually availed may be considered

iii. Audited accounts do not dispense with the regulator's independent prudence review, and claims such as prior period expenses may be disallowed where adequate supporting item-wise and year-wise particulars are not furnished

iv. Permitting financing cost of delayed payment surcharge as well as LPSC to be simultaneously passed through in tariff would result in a double benefit to the distribution companies and a corresponding loss to consumers.

UP Jal Vidyut Nigam Limited v Central Electricity Regulatory Commission, 2026 SCC OnLine APTEL 33

APTEL held that

i. The power of review cannot be exercised suo motu by a regulatory commission

ii. Review jurisdiction cannot be used to introduce a new issue or grant relief not sought in the review petition

iii. Any such exercise without hearing the affected party violates principles of natural justice namely "audi alteram partem"

iv. Having declined to reopen tariff orders passed by the State Commission, CERC could not selectively interfere by directing payment of only one component.

Assam Power Distribution Company Limited v ONGC Tripura Power Company Limited, 2026 SCC OnLine APTEL 32

APTEL held that

i. A generating company cannot seek regulatory relaxation in tariff parameters such as Normative Annual Plant Availability Factor (NAPAF) so as to pass on the consequences of fuel supply shortage to beneficiaries where contractual remedies against the fuel supplier are available but not invoked;

ii. Responsibility for arranging fuel lies with the generating company and that contractual remedies under the Gas Sale and Purchase Agreement, including claims for liquidated damages, must first be pursued

iii. Oil and Natural Gas Corporation Limited's (ONGC) shareholding in ONGC Tripura Power Company Limited (OTPC) does not override their separate legal personality and that the force majeure plea was unsustainable in the absence of timely notice under the contract. Accordingly, APTEL set aside CERC's order granting NAPAF relaxation.

Key Judgments – The Central Electricity Regulatory Commission

Hindustan Power Exchange Limited (HPX), Petition No. 910/MP/2025, Order dated 17 June 2026

CERC held that HPX's prayer for grant of 3 years' time to PTC India Limited (PTC) for diluting its shareholding did not merit consideration. CERC held that, if PTC desires to become a 'Trader Member' of HPX, it can dilute its shareholding in HPX to 5% as required under Regulation 15(1)(b) of the PMR 2021 before becoming a Trader Member. It further held that,

i. In the case of shareholding of the members / clients, Regulation 15(1)(b) prescribes more stringent norms, given their ability to influence the affairs of an exchange, potential conflict of interest, etc.

ii. Allowing such an established trader to be a Member of the Exchange while it continues to hold 22.62% of its shareholding would go against the objectives of ring-fenced and demutualised ownership structure enshrined in Regulation 15 of the PMR 2021

ACME Cleantech Solutions (P) Limited v Central Transmission Utility of India Limited, Petition No 856/MP/2025, Order dated 13 May 2026

CERC held that

i. An entity holding an in-principle grant of Connectivity is entitled to seek a change of renewable energy source under Regulation 9.3 of the GNA Regulations, and CTUIL cannot defer consideration of such request until completion of the transition of existing connectivity(ies) to solar and non-solar access, since no such precondition is contemplated in the GNA Regulations;

ii. Where such a source-change request is made during the transition period, CTUIL is required to process it within the 30 day timeline prescribed under Regulation 9.3.2, subject to technical feasibility and system studies, as change of source is an option but not a right; and

iii. Conversion from the Land Bank Guarantee (BG) route to the LoA route under Regulation 11A(4) is permissible only after issuance of the final grant of connectivity.

Prerak Greentech Solar (P) Limited v Central Transmission Utility of India Limited, Petition No 7/MP/2026, Order dated 13 May 2026

CERC held that

i. In terms of Regulation 11A(2) of the GNA Regulations, the "firm start date of connectivity" is the date communicated in the final grant or amendment of connectivity and not the later operationalisation / effective date of the transmission system

ii. An "in-principle sanction letter regarding line of credit commitment" does not satisfy the requirement of a "loan sanction letter" under Regulation 11A(2). It was further held that a subsequent shift from debt-based funding to internal funding cannot be treated as mere rectification of a minor deficiency. Notwithstanding the above, having regard to the advanced status of project implementation and the surrounding facts, CERC exercised its powers to relax and remove difficulties under Regulations 41 and 42 to permit belated consideration of financial closure documents on payment of compensation equivalent to 5% of total Conn-BGs amount.

Mechanism for treatment of connectivity granted under the GNA Regulations based on the LoA where the PPA has not been signed within a period of 12 months from the date of issuance of the LoA, Petition No 7/SM/2026, Order dated 6 May 2026

CERC proposed that

i. Connectivity granted on the basis of a LoA, where no PPA has been signed within 12 months from issuance of the LoA, should be subjected to a one-time regulatory treatment to prevent such connectivity from remaining stranded;

ii. Affected entities may be permitted either
   a. to exit the LoA route without surrendering connectivity,
   b. substitute the original LoA with a PPA executed under another LoA, or
   c. surrender the connectivity with return of Conn-BGs; and

iii. Where connectivity is surrendered, the freed-up capacity may be reallocated or auctioned, with the successful entity assuming fresh milestone obligations for land, financial closure and COD.

Ganeko One Energy (P) Limited v Central Transmission Utility of India Limited, Petition No 728/MP/2025, Order dated 4 May 2026

CERC held that

i. An LOA or PPA used as an eligibility document for one connectivity cannot be used again for another connectivity

ii. Amendment of an LOA does not make the earlier utilised eligibility available again for another connectivity.

Airpower Windfarms (P) Limited v Central Transmission Utility of India Limited, Petition No 809/MP/2025, Order dated 4 May 2026

CERC held that where land documents ultimately satisfy the requirement under Regulation 11A(1), delay in curing deficiencies may be condoned in exercise of the power to relax and the power to remove difficulty, subject to payment of compensation. CERC also held that the revocation of connectivity could be set aside and connectivity restored in such circumstances.

Indian Energy Exchange Limited & Ors v Grid Controller of India Limited, Petition Nos 674/RC/2025, 753/RC/2025, 754/RC/2025, Order dated 21 May 2026

CERC approved uniform pre-specified time slots for contracts in the Term Ahead Market (TAM), High Price Term Ahead Market (HP-TAM), and Green Term Ahead Market (GTAM) (Hydro) across power exchanges. CERC held that region-wise or multiple sub-slot structures would fragment liquidity, reduce market depth, impair price discovery and reintroduce the very complexity which CERC had sought to eliminate in its earlier suo motu order dated 28 April 2025. Accordingly, CERC approved the following broad categories of pre-specified time slots for TAM / HP-TAM / GTAM (Hydro):

i. RTC Contracts: 00-24 hrs.

ii. Solar Contracts: 06-18 hrs., with further classification into:
   a. Morning Contracts (06-09 hrs.)
   b. Day Contracts (09-18 hrs.)

iii. Non-Solar Contracts: 18-06 hrs., with further classification into:
   a. Evening Contracts (18-24 hrs.)
   b. Night Contracts (00-06 hrs.)

CERC further directed Grid India to issue a detailed procedure for separately notifying Solar and Non-Solar hours on a national basis, factoring in regional variation as far as possible, and directed all power exchanges to align their contract design accordingly.

ReNew Wind Energy (AP2) (P) Limited v Central Transmission Utility of India Limited, Petition No 227/MP/2022, Order dated 2 June 2026

CERC held that

i. The transmission arrangement and the PPA are distinct and independent agreements, and termination or alleged frustration of the PPA does not discharge obligations under the transmission arrangement

ii. Liability to pay transmission charges arises from operationalization of LTA and continues till COD in terms of the applicable Sharing Regulations

iii. Waiver of transmission charges under the MoP orders applies to generation after commissioning and not to the period prior to COD.

Jindal Steel Limited v TP Central Odisha Distribution Limited, Petition No 191/MP/2026, Order dated 1 June 2026

CERC held that where the issue relates to grant/non-grant of Standing Clearance for use of the intra-State transmission network by an intra-State entity, and the requirement of consent/NOC from the distribution licensee is governed by the State open access regulations, the dispute falls within the jurisdiction of the State Commission.

TRN Energy Private Limited v PTC India Limited & Ors, Petition No 140/MP/2019, Order dated 17 June 2026

CERC held that declaration of capacity must be meaningful and effective, i.e., capable of being scheduled in accordance with the Grid Code and contractual provisions. Mere declaration of availability, without the ability to schedule power due to non-payment of transmission charges and consequent regulation of supply, does not confer entitlement to recover capacity charges for the full contracted capacity. If actual capability is compromised due to constraints, the entitlement to capacity charges must reflect such limitation.

Saurya Urja Company of Rajasthan Limited v Central Transmission Utility of India Limited & Ors, Petition No 666/MP/2025, Order dated 10 April 2026

CERC held that where final grant of connectivity is delayed and the coordinates of the pooling sub-station are not communicated, the applicant is to be permitted at least 9 months from communication of tentative coordinates to furnish land documents. CERC further held that, in such circumstances, the CERC may exercise its power to remove difficulty to permit withdrawal of the connectivity application on the terms stated in the order.

Key Judgments – The State Electricity Regulatory Commissions

Bekaert Industries Private Limited & Anr v Maharashtra State Electricity Distribution Company Limited & Anr, IA No 91 of 2026 in Case No 110 of 2026, Order dated 19 June 2026 (MERC)

Maharashtra Electricity Regulatory Commission (MERC) dealt with petitions challenging supplementary bills raised by MSEDCL towards wheeling and transmission losses on open access consumers. The petitioners contended that the bills had been illegally raised without sharing the underlying calculations and were contrary to the MERC (Distribution Open Access) Regulations, 2016, as well as prior orders of MERC and APTEL in Appeal No 20 of 2019: Sridevi Trading Co (P) Limited v MERC & Anr and Appeal No 66 of 2019: Pudumjee Paper Products Limited v MSEDCL & Anr, which, according to the petitioners, held that wheeling charges are leviable only on actual consumption or drawal. MSEDCL, on the other hand, submitted that a batch of matters on the same issue had already been heard and reserved for orders by MERC in Case No 105 of 2024 and connected matters, and that similar appeals were also pending before APTEL. MSEDCL further stated, on instructions, that unless a regulatory order is passed by either forum, it would not press for recovery of the supplementary invoices and would take no coercive action for non-payment.

Accordingly, MERC recorded the statement made on behalf of MSEDCL that no coercive action shall be taken in respect of the supplementary bills raised towards wheeling and transmission losses and directed that the said assurance shall remain binding until further orders and shall also be applicable to all similarly placed consumers.

JSW Steel Coated Products Limited v Maharashtra Energy Development Agency, Case No 49 of 2025, Order dated 22 April 2026 (MERC)

MERC held that captive users procuring power from CGPs commissioned prior to 1 April 2016 are also governed by the revised RPO trajectory introduced under the MERC (RPO) First Amendment Regulations, 2024. MERC further held that the amended RPO framework must be read harmoniously with the earlier regulations and that the revised trajectory under Regulation 7.5(A) applies to all obligated entities, including captive users and open access consumers. It further held that earlier exemptions for captive users cannot continue in light of the revised RCO framework.

Rajasthan Urja Vikas & IT Services Limited v Rajasthan Rajya Vidyut Prasaran Nigam Limited & Anr, Petition No RERC/2388/2025, Order dated 15 May 2026 (RERC)

RERC held that under Section 63 of the Act, the Commission may permit deviations from the Model Bidding Documents on a case-to-case basis, but cannot alter or reconstruct their basic structure or underlying design philosophy, and that deviations can be permitted only if they do not restrict competition, create entry barriers, or impose undue burden on consumers.

RERC further held that

i. The choice of source or route for meeting the assessed firm power requirement lies with the Discoms, subject to optimal cost and consumer interest

ii. Once significant planned / tied-up capacities are already reflected in Resource Adequacy Plan, such capacities cannot be ignored merely because they are at a preliminary stage or because Discom wishes to keep options open

RERC issues order on abolition of GST Compensation Cess and increase in GST rate on procurement of coal from 5% to 18%, Petition No Suo Motu/2427/2026, Order dated 30 June 2026 (RERC)

RERC held that the abolition of GST Compensation Cess on coal and the increase in GST rate on coal from 5% to 18%, both with effect from 22 September 2025, squarely fall within the ambit of a change in law event in respect of PPAs covered under Section 63 of the Act, subject to the terms of the concerned PPAs. RERC further held that the impact of the two statutory changes is required to be worked out separately, but the final adjustment is to be made in bills on a net basis and passed on to, or recovered from, the Discoms/RUVITL. Any difference between provisional and actual impact is to be reconciled in terms of the Electricity (Timely Recovery of Costs due to Change in Law) Rules, 2021.

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