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Date: Nov 21, 2025

Reference: CP/FY26/CERC/Regulatory/010

To,
Secretary
Central Electricity Regulatory Commission,
6th, 7th & 8th Floors, Tower B, World Trade Centre,
Nauroji Nagar, New Delhi- 110029

Subject - Comments on CERC's Draft Proposal for Determination of Buyout Price under Renewable Consumption Obligation (RCO) – Petition No. 12/SM/2025

Dear Sir,

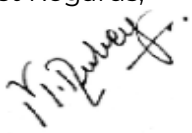
Greetings from **Clickpower India Limited ("clickpower.in")** and **REConnect Energy ("reconnectenergy.com")**.

We would like to convey our gratitude to the Hon'ble Commission and the staff for issuing the Trading License to Clickpower through the order dtd: 26.04.2025.

We would also like to convey our appreciation to the Hon'ble Commission and the staff for presenting the Draft Proposal for Determination of Buyout Price under Renewable Consumption Obligation (RCO).

Our comments are presented to the Hon'ble Commission for review through **Annexure-A** attached along with the letter.

Best Regards,



Mithun Dubey

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Annexure - A

1. Executive Summary

The proposed Buyout Price of ₹245/MWh (₹0.245 per unit) for FY 2024–25 is misaligned with prevailing market conditions and significantly undervalues renewable energy attributes. Such a determination risks undermining established compliance mechanisms, including the Renewable Energy Certificate (REC) and Green Day-Ahead/Term-Ahead Markets (GDAM/GTAM), and threatens to erode the progress achieved under the Bureau of Energy Efficiency's (BEE) enforcement framework.

2. Misalignment with BEE Compliance Schedule

The BEE notification extends the RCO compliance deadline for FY 2024–25 obligations until 31 March 2026. Obligated entities are actively procuring Green Electricity and RECs to meet these obligations within the extended timeframe. The proposed Buyout Price, based solely on FY 2024–25 averages, disregards the ongoing compliance cycle and current REC price range (₹350–₹370/MWh). Accordingly, the Buyout Price should be determined only after the close of the compliance period, reflecting the weighted-average REC and GDAM prices across the entire window.

3. Impact on REC and Green Markets

The average GDAM premium over conventional power during the past three years has been approximately ₹0.49 per unit. Fixing the Buyout Price at ₹0.245 per unit renders buyout compliance cheaper than genuine market instruments, leading to:

- Severe contraction in REC demand and liquidity on exchanges.
- Decline in GDAM/GTAM participation, adversely affecting renewable generators.

Empirical data following the draft proposal already indicate a >90% reduction in buy bids and an >85% decline in cleared volumes.

4. Adverse Effects on Virtual Power Purchase Agreements (VPPAs)

A Buyout Price set below market instruments disincentivizes corporate buyers from entering into VPPAs, as the regulatory fallback becomes both cheaper and risk-free. This undermines corporate renewable procurement, depresses REC valuations, and destabilizes long-term financing structures reliant on VPPA-linked REC revenues.

5. Risk to the Green Real-Time Market (G-RTM)

The Power Exchanges' proposal for a Green Real-Time Market is pending approval before CERC. Renewable generators are expected to rely on G-RTM for near-generation trading, improved

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forecasting, and balancing. However, a Buyout Price below market instruments would divert obligated entities toward buyout compliance, weakening G-RTM liquidity and removing a critical balancing mechanism for short-term grid stability.

6. Absence of Validation and Unlimited Buyout Usage

The draft proposal permits unrestricted use of the buyout option without requiring proof of procurement efforts. To preserve the integrity of the compliance framework, CERC should mandate:

- Validation of genuine attempts to procure renewable electricity and RECs prior to buyout usage.
- A cap (10–20%) on the proportion of RCO that may be fulfilled through buyout.

Allowing 100% fulfilment via buyout undermines the Ministry of Power's objective of increasing renewable penetration.

7. Economic and Financial Implications

Green attribute revenues are integral to renewable project viability. Depressing attribute values through a low Buyout Price reduces internal rates of return (IRR), complicates debt servicing, and discourages future investment. A transparent, market-reflective buyout mechanism is essential to sustain investor confidence.

8. Recommended Framework

- **Timing:** Determine Buyout Price only after the compliance period concludes (post 31 March 2026).
- **Price Linkage:** Buyout Price = 1.5 × max (Average REC Price, Average GDAM Green Premium).
- **Usage Cap:** Limit buyout fulfilment to a maximum of 20%-25% of total RCO.
- **Validation:** Require proof of procurement attempts before buyout eligibility.
- **Penalty Alignment:** Ensure Buyout Price remains below the penalty rate (₹3.72/unit) but above REC prices, thereby maintaining deterrence and fairness.

9. Conclusion

The current proposal undervalues renewable attributes, distorts market signals, and weakens the compliance ecosystem. CERC is urged to reconsider its methodology by incorporating real-time market data across the compliance cycle and to issue a revised framework that strengthens, rather than substitutes, the green power market. Priority should be placed on enforcing stricter compliance and regular reporting by obligated entities. Only once these mechanisms are streamlined should the buyout option be operationalized.