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Ref: JSWEL/CERC/RCO/01
Date: 29-10-2025

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

Sub: Suggestions on the Hon'ble CERC's proposal for determination of Buyout Price as an alternate compliance mechanism towards fulfilment of Renewable Consumption Obligation (RCO).

Dear Sir/Ma'am,

Greetings from JSW Energy...!

We wish to submit our observations and comments on the Hon'ble Commission's proposal for determination of the Buyout Price as an alternate mechanism for compliance with the Renewable Consumption Obligation (RCO).

It is respectfully submitted that, following the removal of the forbearance price, the market clearing prices of Renewable Energy Certificates (RECs) on the power exchanges have declined significantly. This has adversely impacted the revenue realization of renewable energy generating stations.

We apprehend that the proposed Buyout Price, determined at 105% of the weighted average price of RECs, may further suppress REC prices on power exchanges, thereby affecting market liquidity and reducing demand for RECs.

To illustrate, the landed cost for fulfilment of RCO obligations through (1) purchase of RECs and (2) payment of the Buyout Price is provided below:

1. Through purchase of Renewable Energy Certificates (REC)

Weighted Average Clearance Price	–	225.36 Rs.
18% GST on clearance price	–	40.56 Rs.
Power Exchange Fee	–	10.00 Rs.
18% GST on Power Exchange Fee	–	01.80 Rs.
Total Cost of purchase per REC	–	277.72 Rs.

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2. Fulfilment of Renewable Consumption Obligation (RCO) through Payment of Buyout Price:

Weighted Average Clearance Price	–	232.84 Rs.
105% of Wt. Avg. clearance price	–	244.48 Rs.
Total Cost of purchase per REC	–	244.48 Rs.

From the above illustration, it is evident that, for obligated entities, the landed cost for fulfilment of RCO through payment of the Buyout Price is lower than through the purchase of RECs. Consequently, this mechanism may disincentivize the purchase of RECs from power exchanges, leading to reduced REC demand and a further decline in REC prices.

In view of the above, we humbly request the Hon'ble Commission to kindly consider appropriate measures that would **(i) promote greater consumption of RECs, and (ii) enhance revenue realization for renewable energy generators**, thereby ensuring continued investment and growth in the renewable energy sector.

We kindly request that our suggestions be considered favorably and reflected in the final order.

Thanking You!

Yours Sincerely,
For JSW Energy Limited,

JSW ENERGY LIMITED

Mr. Padmanabham P
Senior Manager