F. No. 09/01/2024-RCM
भारत सरकार / Government of India
विद्युत मंभालय / Ministry of Power
(RCM Section)
****

F-201, Nirman Bhawan, New Delhi
Dated the **25th** November, 2025

To

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

Subject: Determination of the Buyout Price as an alternate compliance mechanism towards fulfilment of Renewable Consumption Obligation (RCO) - Reg.

Sir,

I am directed to refer the *Suo-Motu* proposal (Petition No.12/SM/2025), issued by the CERC on 22nd October 2025, proposing the Buyout Price at ₹245/MWh for FY 2024-25, linked to 105% of the weighted average REC price for future years.

2. It is observed that the weighted average REC price over the preceding 12 months (October 2024 - September 2025) has been around ₹335/MWh, which is significantly higher that the proposed Buyout Price of ₹245/MWh, calculated on the basis of the weighted average price for the FY 2024-25. This will depress the price of REC in the market which may not be favorable for RE development. It would be appropriate, if the buyout price is determined by taking the weighted average REC price of the preceding 12 months as a more realistic reference. A 5% annual increase of this price may be considered for future years to provide regulatory certainty to the stakeholders.

3. In view of the above, CERC may fix the buyout price to ensure that REC buying is preferred over the payment of buyout price and thereby support investments in RE capacity.

4. This issues with the approval of the Hon'ble Minister of Power.

Yours faithfully,

(पोन्ना विजय कुमार / Ponna Vijaya Kumar)
अनुभाग अधिकारी / Section Officer
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Copy for information to:- PS to Hon'ble Minister of Power / Sr. PPS to Secretary (Power) / Sr. PPS to Addl. Secretary (R&R) / PSO to Chief Engineer (R&R) / PPS to Director (RCM), Ministry of Power