ದೂರವಾಣಿ ಸಂಖ್ಯೆ : 080-22210685

ಅಂತರ್ಜಾಲ: https://pckl.karnataka.gov.in
ಇ-ಮೇಲ್: addl.director2018@gmail.com

ಪವರ್ ಕಂಪನಿ ಆಫ್ ಕರ್ನಾಟಕ ಲಿಮಿಟೆಡ್
POWER COMPANY OF KARNATAKA LIMITED

(GOVERNMENT OF KARNATAKA UNDERTAKING)
ನಿಗಮದ ಗುರುತಿನ ಸಂಖ್ಯೆ (ಸಿ.ಐ.ಎನ್) : ಯು40101ಕೆಎ2007ಎಸ್‌ಜಿಸಿ043640
Company Identification No (CIN) :U40101KA2007SGC043640

21 NOV 2025

No: PCKL/A12/3/2025-26/ 4714 -20

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

Respected Sir,

Sub: Views/Comments on the "Buyout price as an alternate compliance mechanism towards fulfillment of Renewable consumption obligation (RCO)- Reg.
Ref: CERC Petition No: 12/SM/2025 (Suo-motu) dated: 22.10.2025.

With reference to the above, Power Company of Karnataka Limited., submits views on the said petition as follows:

Karnataka being a Renewable Energy (RE) rich State pioneering implementation of RE has always been the front runner in adopting green energy into the portfolio of Energy in the State. While doing so Karnataka has more than 52% of RE (18.5 GW) in the total installed capacity of generation (34 GW) and this would be 63% including hydro.

The main purpose of RCO mandate is to encourage more and more RE implementation by the entities so as to reduce the carbon foot print in the country. This mandate of RCO would ensure the ambitious goal of achieving 500 GW RE power by 2030 in the country.

However, the above petition providing for a buyout price as an alternative to implementation of RE or purchase of REC is going to create deterrent in achieving the National Goal of 500 GW RE power by 2030.

Further, it will also create no or low price market for the RECs held by utilities to the tune of 40-50 lakh REC per year and discourages such States/Entities in implementing RE and greening the grid.

Comments / views:

i) Buy out option shall be capped

Buy out option shall be restricting to not more than 10% of residual obligation.

ii) Calculate the buyout price using the "Average REC Market Price" from the previous year

- The buyout price should be based on the **average Renewable Energy Certificate (REC) market price** of the previous year because REC prices reflect the real market value of green energy, using this average ensures that the buyout price stays realistic and fair.
- This prevents companies from exploiting short-term price fluctuations.

iii) Add a penalty of 1.5% to the buyout price

- To make buyouts less attractive than compliance, a **1.5% penalty** is added on top of the REC-based price.
- The penalty ensures that using buyouts always costs more than purchasing RECs or investing in renewable energy.
- This pushes companies toward real compliance instead of opting out.

iv) Payment of Buyout price specified by the Central Electricity Regulatory Commission

- Commission has proposed 75% of the amount credited in Central Energy Conservatory Fund shall be transferred to respective state Energy Conservation fund and balance 25% utilized for development of energy source and storage capacity.
- The proposal creates a deterrent for RE-rich States that have surplus RCO consumption, as they rely on the market to sell Renewable Energy (RE) Certificates and generate revenue from these sales. However, some States neither purchase RE power directly nor buy RE Certificates. Instead, they pay the Buyout Price to the Central Energy Conservation Fund. Out of this amount, 75% is later credited back to those same States from the Fund. As a result, such State DISCOMs do not incur any real financial loss despite failing to meet their RCO obligation.
- Therefore, it is proposed to revise the clause so that the Buyout amount credited to the Central Energy Conservation Fund is transferred to the States holding RE Certificates. Correspondingly, the RE Certificates of such DISCOMs/States will be redeemed.

In view of the above, the Commission is requested to consider these comments and suggestions before finalizing the proposal regarding payment of the Buyout Price.

Yours faithfully,

Managing Director
PCKL, Bengaluru.