RP-Sanjiv Goenka Group
Growing Legacies

RPG Power Trading Company Ltd.

CIN : U40102WB2008PLC124401
rpgpowertrading@rpsg.in

RPTCL/2025-26/CERC/188 **Date:** 21st November 2025

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

Sub: Comments/Suggestions on **Petition No. 12/SM/2025 (Suo-Motu)** dated **22.10.2025**

Sir,

This has reference to the public notice with respect to the Petition details captioned above for seeking comments in the matter of **Determination of Buyout Price as an alternative compliance mechanism towards fulfillment of Renewable Consumption Obligation (RCO)**.

Accordingly in this regard, kindly find our observations/comments/suggestions enclosed as annexure to this letter for your kind consideration.

Thanking You,

Yours Faithfully,

(Tilak Sengupta)
Manager,
RPG Power Trading Co. Ltd.

RPG Power Trading Company Limited

Comments on CERC draft proposal on the Suo-Motu Petition No. 12 / SM/2025

At the outset, RPG Power Trading Company Limited **("RPTCL")** would like to thank the Hon'ble Central Electricity Regulatory Commission ("**Hon'ble Commission**") for bringing out the **Draft Proposal in the Suo-Motu Petition No. 12 / SM/2025 dated 22.10.2025** and providing the stakeholders an opportunity to provide comments/suggestions on the same.

We humbly request the Hon'ble Commission to kindly consider the following comments, suggestions, and recommendations on the draft proposal on Determination of the Buyout Price as an alternate compliance mechanism towards fulfilment of Renewable Consumption Obligation (RCO).

CLAUSE	DETAILS	COMMENTS AND SUGGESTIONS
(5) & (6)	*"...5) As per the Ministry of Power's Notification dated 27.09.2025, there are three options available for meeting the RCO, namely:* *I.) Consumption of renewable electricity, either directly or through an energy storage system;* *II.) Purchased or self-generated Renewable Energy Certificates issued in accordance with regulations notified by the Central Electricity Regulatory Commission, including Renewable Energy Certificates acquired under Virtual Power Purchase Agreements; and* *III.) Payment of the buyout price specified by the Central Electricity Regulatory Commission.* *6) The first two options clearly lead to investment and, in turn, the establishment of RE capacities and should be preferred options for RCO compliance. It is only when either of these two options is exhausted that the Designated Consumers should lean on the third option for RCO Compliance...."*	**Observation:** 1. Lack of hierarchy in the proposed mechanism of RCO obligation. **Justification:** Although in the draft proposal it has been clarified that for the buyout option to be executed, first two mechanisms are to be exhausted first. But no mechanism has been proposed for monitoring and evaluating such exhaustion. 2. In the event of lack of proper due diligence on the exhaustion of Options I and II, the buy-out option will get equal weightage, leading to a tendency of avoiding structured mechanism of regular REC purchase resulting in the eventual collapse of trade of RECs. However, we feel that the prudent intention of the draft proposal should be to keep the Buyout option as a last resort for the Obligated Entities. **Hence, we humbly request the Hon'ble Commission to incorporate a comprehensive mechanism for Evaluation of exhaustion of Options I and II, and necessary documentary evidence to the effect should be part of the mandatory submission to be made by 31st July every year (*as per MoP Order dated 27.09.2025*).**
(10) & (11)	*"...10) Accordingly, the weighted average price of REC for the FY 2024-2025 works out to be Rs. 232.84/MWh. In view of the above, it is proposed that the buyout price for the FY 2024-2025 be fixed at Rs. 245/MWh, which is about 5% above the weighted average REC price for FY 2024-2025.* *&* *11) The buyout price for a financial year shall be fixed at 105% of the weighted average REC Price of*	**Observation:** Premium decided over the weighted average rate of REC is too low. **Justification:** Though the Hon'ble Commission has taken a logical yet debatable approach of arriving at the Buyout Price, but we would like to humbly submit that it should have also brought the current market price (FY 25-26) into consideration while doing so. The Obligated Entities have been allowed to comply with their 24-25 RCO by procuring RECs till March 26 (vide BEE letter *F. No. NMEEE-*

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	that financial year. By 30th April of every financial year up to 2029-30, the National Load Despatch Centre (NLDC) shall publish the weighted average price of REC, the Buyout Price for the previous financial year, based on the above principles...."	*11018/1/2023-BEE/3674 dated 24.09.2025*). But however the proposed Buyout price of Rs. 245/MWh for FY 24-25 is significantly lower than the current market price of RECs being traded in the Exchanges or Bilaterally through traders. This lower Buyout price will encourage Obligated entities to go for Buyout option rather than exploring Options I and II. This will result in a significant stockpile of RECs unsold, which will be extremely detrimental to the REC mechanism in vogue. **Hence, we humbly request the Hon'ble Commission to raise the premium for calculation of Buyout Price significantly higher to ensure trading of RECs remain the preferred choice for compliance of RCO.**

Suggestions:

We humbly submit the following to Hon'ble Commission as our proposed amendments to the draft proposal:

1. There should be a proper documented monitoring process to establish that the first two options are being explored. Periodic submission of compliance report to the concerned Authority viz. BEE/POSOCO or the Hon'ble Commission should be in place to ensure that.

2. Buyout option should come with a hefty penalty along with the premium to encourage the C&I consumers and other obligated entities to go for physical REC or RE power procurement instead of buyout option.

3. Along with that, a significant amount of penalty should be imposed on the obligated entities who will fail to comply with the RCO by procuring physical REC or RE power for two consecutive FYs.

4. Premium proposed over and above the weighted average rate of RECs to arrive at the Buyout price for that FY should be on a much higher side to discourage the C&I Consumer from using the option deliberately, eg. 50%~60%.

5. The regulation and its compliance should be centralized and properly controlled and monitored. All SERC's regulations in this regard should be annulled to ensure enforceability.

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