17th November 2025

Sembcorp comments on Determination of the Buyout Price as an alternate compliance mechanism towards fulfilment of Renewable Consumption Obligation (RCO).

Sr no.	Draft Amendment	Suggested change	Comments/Suggestions
1	11. Further, the Ministry of Power, vide the aforementioned notification dated 27th September, 2025, has specified the minimum share of electrical energy from RE sources as a percentage of total electrical energy consumption for each Designated Consumer category till FY 2029-30. Accordingly, the Commission is proposing the REC buyout price upto FY 2029- 30 based on the following principle: The buyout price for a financial year shall be fixed at 105% of the weighted average REC Price of 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.	11. Further, the Ministry of Power, vide the aforementioned notification dated 27th September, 2025, has specified the minimum share of electrical energy from RE sources as a percentage of total electrical energy consumption for each Designated Consumer category till FY 2029-30. Accordingly, the Commission is proposing the REC buyout price upto FY 2029- 30 based on the following principle: The buyout price for a financial year shall be fixed at ~~105%~~ 125% of the weighted average REC Price of 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. Provided that the option of meeting the obligation through payment of the buyout price, as specified by the Central Electricity Regulatory Commission (CERC), shall not be permitted for two consecutive years.	Meeting the obligation through payment of the buyout price does not effectively promote generation from renewable energy (RE) sources, as compared to fulfilling the obligation by purchasing Renewable Energy Certificates (RECs). Therefore, it is suggested that a methodology for determining the buyout price should be devised to ensure that it **consistently remains substantially higher than the price of Renewable Energy Certificates (RECs).** **Encourage Renewable/REC Purchase Over Buyout** • If the buyout price is only marginally higher than REC price, obligated entities may prefer paying the buyout instead of purchasing RECs. • Setting it at **125%** makes buyout **significantly costlier**, pushing entities toward REC purchase, which supports RE generators. To further encourage RE capacity addition, it may be specified that the **option of using the buyout price to meet the obligation cannot be utilized for two consecutive years**