BALAJI ENERGY PRIVATE LIMITED

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Ref. No.: **BEPL/CERC/2025** Date: **18-11-2025**

To
The Secretary,
Central Electricity Regulatory Commission (CERC),
6th, 7th & 8th Floors, Tower B,
World Trade Centre, Nauroji Nagar,
New Delhi - 110003.

Respected Sir,

Sub: Submission of Comments/Objections on CERC Suo-Moto Petition No.12/SM/2025 regarding determination of Buyout Price as an alternate compliance mechanism towards fulfilment of Renewable Consumption Obligation (RCO) – Reg.

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The Hon'ble Central Electricity Regulatory Commission (CERC) has passed the Suo-Moto Orders in Petition No.12/SM/2025 with regard to determination of the Buyout Price as an alternate compliance mechanism towards fulfilment of Renewable Consumption Obligation (RCO).

(1) In Paragraph 9 of the proposal, the Hon'ble Commission has stated that the transaction of Renewable Energy Certificates (RECs) is taking place through the power exchanges as well as through Trading Licensees, and has remained steady across both platforms as per CERC Regulations, 2022.

(2) The details of the REC transactions were mentioned in the statement, and the commission invited the comments from the stakeholders on the proposal of specifying the Buyout Price for FY 2024-2025 at Rs. 245/MWh, and for the subsequent financial year at 105% of the weighted average REC price of that financial year and accordingly, the commission has asked all the stakeholders to give their objections, if any, on or before 21st November 2025.

(3) In this connection, we would like to submit that the issuance of an REC is an incentive to the generators, to make the projects as viable for the Non-Conventional and Renewable Energy (NRE) power generators and to achieve the Government of India to achieve its targets of capacities in their sector in the interest of the public.

(4) The Ministry of New and Renewable Energy (MNRE), Government of India, issued the MNRE guidelines on 13-09-1993, wherein, in the preamble, it has made it clear that the generation of power through either Mini Hydel Power Projects, wind, solar energy helps in reducing pollution, and conserving the fossil fuels, and that it is a cheaper and cleaner source of power (in case if they take into consideration of the conservation of fossil fuels).

A. Relevant portions of the guidelines dated 13-09-1993 are as follows:

Paragraph 1: *Under the new Strategy and Action Plan of the Ministry special emphasis is sought to be given to generation of grid quality power from non-conventional energy sources. The targets for the 8th Plan have been significantly enhanced, and the new Plan aims at generation of 2000 MW of power through wind, small hydro, bio-energy, solar, etc. The targets for small hydro and wind*

power are 600 MW and 500 MW respectively. These programmes are being given a market orientation to make them commercially viable and sustainable. While the budgetary allocations will be utilised for selected demonstration projects, the programmes will mainly be implemented through private sector projects with mobilization of resources from financial institutions, external assistance and private investment.

Paragraph 2: *The average cost of power generation from non-conventional energy sources already compares quite favourably with new coal thermal/gas-based projects and captive diesel generating sets. While in future their costs are expected to drop, costs of conventional electricity generation will only increase. Even at present, given a more level playing field in the power sector, wind power and small hydro would emerge to be cheaper and cleaner sources of power generation, if full compensation is given to the subsidies provided for fossil fuels and if the costs of environmental degradation and other externalities are taken into account.*

Paragraph 4: *The Ministry has drawn up a set of guidelines (enclosed) for consideration and adoption by all States towards a uniform policy pertaining to non-conventional energy sources. A minimum buy-back price of Rs. 2.25 per unit has been proposed. This is considered reasonable as the average cost of generation from new coal thermal projects is already Rs. 1.90/unit (1991 figures), while it is even higher at Rs. 2.20 per unit for gas-based projects and Rs. 2.50 per unit from captive diesel sets.*

(5) The MNRE, Government of India, fixed the prices and issued directions to all the States for implementation of the prices fixed for a period of 20 years.

(6) In view of the above, to facilitate the polluting industry by encouraging the new renewable energy projects for generation of more power through this source to reduce the pollution and conserve the fossil fuels in the public interest to achieve its objection to reach its targets, the CERC guidelines it has brought out for issue of REC certificates to sell the same to the polluting industry and fixed the price for each certificate as Rs 1000 and accordingly, the Hon'ble Commissions has also fixed some percentage of power shall be purchased from the renewable energy sources to increase power in generation through MNRE, to reduce the pollution and conserve the fossil fuels. As per the tariff orders passed by the respective Commissions, the generators are availing the facility of acquiring the REC certificates and selling the same to the needy people in the market, thereby achieving the objective of the Government of India through the NRE projects to reduce pollution and conserve the fossil fuels.

(7) The Hon'ble CERC, taking into consideration the viability of the projects and to achieve the objective of the Government of India through the NRE sources to reduce pollution and conserve the fossil fuels, the Hon'ble CERC has fixed the price for Mini Hydel Power projects for one certificate at Rs. 1,000 (1 REC = Rs.1,000) and it has continued till now and thereafter, the matter was carried on up to the Hon'ble Supreme Court. Wherein, the Hon'ble Supreme Court upheld the prices payable to the REC

certificates at Rs.1000 for Mini Hydel Power projects. By that time, there was a huge accumulation of RECs pending for sale of the RECs from the generators for several years, failing which, these RECs would have been sold out if there is no stay from courts until final disposal of the matter by the Hon'ble Supreme Court. Still, all the generators are holding the RECs as unsold since there was a huge accumulation due to court litigations, thereby the demand has come down for RECs and the supply was more. In the meanwhile, the Hon'ble Commission passed orders fixing the price as Rs 245/- per REC and asked us to offer our suggestions, if any.

(8) In this connection, to achieve the objective of the Government of India and taking into consideration of viability of the projects, the CERC had earlier fixed the price after considering all the issues involved in fixation of price. Subsequently, this matter went up to the Hon'ble Supreme Court, and the Hon'ble Supreme Court has also fixed the prices. Therefore, any reduction, alteration, or modifications are against to the orders of the Hon'ble Supreme Court and it will also become a detrimental to the objective of the Government of India. It will also affect the interests of the generators to whom these incentives were made available. Hence, in view of the various orders passed up to Hon'ble Supreme Court, which considered all the pros and cons before fixing the prices, hence, it is not in the interest of any of the stakeholders to change, reduce, alter, or modify any of the orders that were already passed by the Hon'ble Supreme Court for the existing renewable energy projects.

In view of the above facts and various court orders, any modification, if necessary, may be made applicable for the future projects for which new LOAs are issued to know in advance itself the facilities that are available to arrive the viability of the projects, and further, any reduction of prices of Rs.1,000/- to Rs.245/- it will affect the reduction of capacities of renewable projects in future also. Therefore, in the interest of all the stakeholders of the Government, it is desirable and appropriate to continue the existing price fixed by the Hon'ble Supreme Court of India unless and a new order is passed by the Hon'ble Supreme Court itself.

Thanking you,

Yours faithfully,
For **Balaji Energy Pvt Ltd**

(G. Sai Krishna Reddy)
Authorized Signatory