UPDATE

Shardul Amarchand Mangaldas
A DECADE YOUNG, A CENTURY STRONG

Infrastructure, Energy & Project Finance Digest

(1 August 2025 - 31 January 2026)

Our well-positioned *Infrastructure, Energy and Project Finance* practice advises developers, EPC contractors, sponsors, investors and lenders across the full lifecycle of infrastructure and energy projects. The team regularly supports clients on complex regulatory, contractual, financing and risk allocation issues arising in large-scale infrastructure projects.

Our practice has extensive experience advising on transactions across transportation, renewable and conventional energy, logistics, urban infrastructure and industrial projects. We have represented both public authorities and private sector participants, enabling us to provide commercially balanced and implementation focused advice.

Over the last few years, we have been actively involved in structuring and negotiating public-private partnership frameworks, advising on concession agreements, project financing arrangements, refinancing transactions and regulatory compliance matters.

This Newsletter highlights key legal, regulatory and policy developments impacting India's infrastructure sector during the period from 1 August 2025 to 31 January 2026.

Energy

Renewable Energy

Emerging Policy Framework on Geothermal Energy Adoption

Geothermal energy is increasingly being evaluated by policymakers as a potential supplementary baseload renewable energy source in India, given its ability to provide continuous power generation with low lifecycle emissions. While geothermal projects remain at nascent stage domestically, the Government of India has initiated efforts to assess the commercial viability of geothermal resources through pilot projects, geological surveys and inter-ministerial coordination.

The Ministry of New and Renewable Energy ("**MNRE**") released the National Policy on Geothermal Energy on 15 September 2025 laying down the executive policy framework for geothermal sector development. MNRE has been engaging with other government bodies, including Ministry of Earth Sciences, Geological Survey of India and state governments, to facilitate geothermal resource mapping, exploratory drilling and technical evaluation. These initiatives aim to improve data availability, reduce early-stage development risk and create a foundation for future project development.

Current policy discussions have also explored the potential repurposing of abandoned oil and gas wells for geothermal applications, as well as international technical collaborations to support capacity building and technology transfer. In the absence of a dedicated geothermal specific statutory framework, geothermal projects continue to be governed by the broader renewable energy regulatory ecosystem, including land acquisition norms, environmental approvals, grid connectivity requirements and state level electricity regulations.

Potential Application Areas:

Geothermal energy development in India is being assessed across multiple use-cases, including:

a. Direct Use Applications: Direct heat applications such as space heating and cooling, greenhouse operations, aquaculture, food processing and industrial process heat, which offer opportunities for decentralised energy use and rural economic development.
b. Ground Source Heat Pumps Systems ("**GSHPs**"): Shallow geothermal systems for building-level heating and cooling across diverse climatic zones, contributing to energy efficiency in urban infrastructure and commercial real estate developments.
c. Power Generation Technologies: Electricity generation technologies including binary cycle systems, organic rankine cycle systems**,** and enhanced geothermal systems, which are being examined for pilot-scale deployment in identified geothermal resource zones**.**

While large-scale commercial geothermal power projects have not yet been implemented in India, ongoing policy engagement and pilot initiatives indicate a gradual move towards integrating geothermal energy within the country's broader clean energy transition framework.

The policy can be accessed **here.**

GST Reduction for Renewable Energy Devices

Pursuant to the recommendations of the GST Council, the Central Government notified a reduction in Goods and Services Tax ("**GST**") on specified renewable energy devices from 12% to 5%, with effect from September 22, 2025. The objective of the measure is to promote renewable energy deployment across India, by lowering input tax incidence on notified solar and wind energy equipment and components.

The rate reduction is expected to improve project cost structures and enhance financial viability of renewable energy projects. Industry estimates suggest a potential savings of ₹20–25 lakh per MW for utility-scale solar projects, with aggregate procurement cost reductions for distribution companies (DISCOMs) projected in the range of ₹2,000–3,000 crore annually, subject to market conditions and implementation modalities.

The rate reduction is also expected to result in marginal cost efficiencies for modules and components, estimated by industry sources at approximately 3–4%, thereby improving the competitiveness of domestic manufacturing. In line with India's stated policy objective of achieving 100 GW of domestic solar manufacturing capacity by 2030, the reform may support increased investment in domestic production facilities.

Further, the measure is also expected to contribute to reduction in the levelized cost of renewable energy, strengthen investor confidence and facilitate accelerated project commissioning, aligned with India's renewable capacity expansion targets.

You can access the circular **here**.

GERC (Procurement of Energy from Renewable Sources) Regulations, 2025

On August 12, 2025, the Gujarat Electricity Regulatory Commission ("**GERC**") notified the GERC (Procurement of Energy from Renewable Sources) Regulations, 2025 ("**GERC Regulations**") which supersede the earlier renewable energy procurement regulations issued in 2005 and 2010, along with their subsequent amendments. The new framework seeks to consolidate and modernise Gujarat's renewable energy procurement regime in line with national clean energy policy objectives.

Key features:

a. The scope of Renewable Power Purchase Obligations ("**RPPOs**") has been expanded to cover a wider category of obligated entities, including distribution licensees, open access consumers and specified captive users, subject to applicable consumption and load thresholds prescribed under the GERC Regulations.
b. The GERC Regulations introduce flexibility in meeting RPPO targets across renewable energy categories by permitting limited inter-category adjustment of surplus renewable energy procurement, subject to conditions specified by the GERC. Renewable energy consumption used for green hydrogen and green ammonia production has also been recognised for RPPO compliance in accordance with prescribed eligibility criteria.
c. An Energy Storage Obligation **("ESO")** framework has been introduced, requiring obligated entities to meet minimum energy storage procurement or deployment requirements as notified by GERC. Compliance with ESO may be considered towards overall RPPO fulfilment, subject to regulatory conditions.
d. Obligated entities are required to demonstrate annual RPPO compliance and submit periodic compliance reports through designated nodal agencies and digital monitoring platforms specified by GERC.

Overall, the GERC Regulations enhance regulatory clarity and strengthen Gujarat's renewable procurement framework by

improving compliance monitoring, increasing flexibility in renewable sourcing, and supporting integration of storage and emerging green technologies into the state's clean energy ecosystem.

You can access the regulations here.

Draft Energy Conservation (Compliance Enforcement) Rules, 2025

On August 4, 2025, the Ministry of Power issued the Draft Energy Conservation (Compliance Enforcement) Rules, 2025 for public consultation in line with the Energy Conservation Act, 2001. The draft rules seek to operationalise a uniform compliance and enforcement framework for energy efficiency and fuel economy obligations across sectors regulated under the Act.

The draft rules apply to designated consumers, appliance manufacturers, automotive manufacturers and other notified entities governed by the Energy Conservation Act and associated regulatory schemes. The framework designates the Bureau of Energy Efficiency ("**BEE**") as the nodal implementation agency responsible for monitoring compliance, conducting verification and coordinating enforcement actions in accordance with prescribed procedures particularly in relation to schemes such as the Corporate Average Fuel Efficiency ("**CAFE**") norms and other notified energy performance standards. The draft rules define "underachievement" with reference to shortfalls in meeting the notified energy efficiency and fuel economy targets under applicable compliance schemes and establish verification mechanisms to identify such deviations. Where non-compliance is established, enforcement proceedings are initiated in accordance with statutory adjudication framework.

Adjudication of violations is to be carried out by adjudicating officers appointed by the appropriate Government under Section 27 of the Energy Conservation Act, 2001. Penalties may be imposed under Section 26 of the Act, including continuing penalties for persistent violations, subject to statutory limits and scheme-specific provisions. Amounts collected are to be credited to the Central Energy Conservation Fund or the relevant State Energy Conservation Fund in accordance with applicable allocation rules.

In addition to enforcement measures, the Draft Rules introduce periodic compliance reporting and digital monitoring requirements for regulated entities. Taken together, the proposed framework seeks to strengthen institutional enforcement capacity, improve regulatory certainty and support India's broader energy efficiency, climate mitigation and energy security objectives.

You can access the rules here.

West Bengal Rooftop Solar Regulations notified

On August 31, 2025, the West Bengal Electricity Regulatory Commission **("WBERC")** notified the WBERC (Grid Interactive Rooftop Solar Photovoltaic System for Prosumers) Regulations, 2025 **("WBERC Regulations"),** establishing a comprehensive regulatory framework for grid-connected rooftop solar installations in the state.

Key features:

a. Applicability: The WBERC Regulations apply to distribution licensees and eligible prosumers installing grid-interactive rooftop solar photovoltaic systems on consumer premises, including individual consumers as well as group housing and association-based installations, subject to technical, safety and connectivity conditions prescribed under the Regulations.
b. Rights of Prosumers and Metering Options: Eligible consumer are permitted to install rooftop solar systems either directly or through empanelled service providers. Prosumers may opt for net-metering, net-billing or gross metering arrangements in accordance with capacity thresholds and operational guidelines specified by WBERC and the concerned distribution licensee. The framework also enables integration of energy storage systems, subject to applicable technical standards.
c. Obligations of Distribution Licensees: Distribution licensees are required to publish standard operating procedures, application formats, documentation requirements, approved vendor lists, timelines and consumer facilitation mechanisms on their online portals to ensure transparency and streamlined processing of rooftop solar applications.
d. Application and Approval process: Applications for rooftop solar installations may be submitted through prescribed online or offline channels. Systems up to notified capacity threshold are subject to simplified approval procedures, while larger installations may require technical feasibility assessments and grid impact studies prior to approval.

Overall, the WBERC Regulations seek to strengthen rooftop solar deployment in West Bengal by improving regulatory clarity, enhancing consumer participation and streamlining utility-level implementation processes.

You can access the regulations here.

Electricity (Amendment) Bill, 2025

On October 9, 2025, the Ministry of Power released the Draft Electricity (Amendment) Bill, 2025 for public consultation, proposing wide-ranging amendments to the Electricity Act, 2003 aimed at strengthening market efficiency, improving distribution sector performance and enhancing regulatory governance.

Proposed Key Proposed Amendments:

a. Universal Service Obligation: The bill introduces a statutory Universal Service Obligation ("**USO**") framework requiring distribution licensees to ensure non-discriminatory supply of electricity to consumers within their licensed areas, subject to conditions prescribed by the appropriate regulatory commissions. State Electricity Regulatory Commissions are empowered to specify differentiated obligations and exemptions for defined consumer categories in accordance with regulatory guidelines.

b. Shared use of Distribution Infrastructure: The bill enables shared use of distribution network infrastructure by multiple distribution licensees, subject to regulatory approval and technical standards, with the objective of reducing duplication of assets, lowering capital expenditure and improving network efficiency.

c. Tariff Rationalisation and Cross-Subsidy Reduction: Amendments to tariff determination provisions seek to promote cost-reflective pricing and progressive reduction of cross-subsidies over a transition period. Regulatory commissions are empowered to enforce timelines and corrective measures to advance tariff rationalisation objectives.

d. Power Market Development: The bill amends Section 66 of the Electricity Act to strengthen the framework for development of power markets, including enabling trading platforms and new market instruments such as contracts for difference, subject to regulatory oversight and national policy directions.

e. Energy Storage Systems Governance: Statutory recognition is proposed for energy storage systems (ESS), clarifying their regulatory treatment and integration within the electricity value chain.

f. Electric Line Authority: The bill proposes establishment of an Electric Line Authority to consolidate regulatory powers relating to transmission line approvals, right-of-way coordination and network development oversight.

g. Electricity Council: A statutory Electricity Council is proposed to be constituted, chaired by the Union Minister for Power with representation from State Governments, to facilitate policy harmonisation, inter-governmental coordination and sectoral reform implementation.

Overall, the draft bill represents a significant step towards restructuring India's electricity sector governance framework by strengthening competition, improving infrastructure utilisation and enhancing regulatory coordination.

You can access the bill **here.**

Draft Cyber Security in Power Sector Regulations, 2025

On October 1, 2025, the Central Electricity Authority ("**CEA**") published the draft Central Electricity Authority (Cyber Security in Power Sector) Regulations, 2025 for public consultation, with the objective of strengthening cyber security governance across critical power infrastructure.

The draft regulations apply to identified power sector entities engaged in generation, transmission and distribution and system operations, including power exchanges, load dispatch centres, renewable energy management centres and designated service providers, in relation to covered information technology and operational technology systems.

Key features include:

a. Computer Security Incident Response Team ("**CSIRT**") Power: CSIRT-Power is designated as the nodal agency responsible for cyber incident reporting, coordination of response measures, threat intelligence sharing and liaison with national cyber security authorities such as CERT-In and National Critical Information Infrastructure Protection Centre **("NCIIPC").**

b. Cyber Security Governance Requirements: Regulated entities are required to designate a Chief Information Security Officer ("**CISO**") or equivalent responsible officer, establish appropriate information security governance structures, and implement cyber security policies and a Cyber Crisis Management Plan ("**CCMP**"). Entities are also required to adopt baseline security controls, including secure procurement practices and deployment of perimeter security tools.

c. Protection of Operational Technology Systems: Operational technology ("**OT**") systems are required to be protected through network segmentation, access controls and isolation mechanisms to minimise exposure to external networks. Any external connectivity must be subject to risk assessment, prior approval and deployment of secured communication channels in accordance with national cyber security and data localisation requirements. Additional perimeter security measures are mandated to monitor OT traffic and detect anomalous activity.

d. Audits, Training, and Compliance Monitoring: Entities are required to conduct periodic cyber security audits, vulnerability assessments and penetration testing in accordance with prescribed standards. Mandatory cyber security training programmes are required for personnel, including relevant vendor staff. Compliance and remediation reports addressing critical and high-risk vulnerabilities must be submitted to the CEA and designated authorities.

Overall, the draft regulations seek to establish a structured cyber security compliance framework for the power sector by strengthening governance controls, enhancing operational safeguards and improving sector-wide incident response coordination.

You can access the regulations here.

DERC's (Renewable Purchase Obligation and Renewable Energy Certificate Framework Implementation) Regulations, 2025

On October 10, 2025, the Delhi Electricity Regulatory Commission issued the Delhi (Renewable Purchase Obligation and Renewable Energy Certificate Framework Implementation) Regulations, 2025 applicable to distribution licensees, captive users, open access consumers above prescribed demand threshold, in alignment with the CERC notified RPO trajectory.

Key features:

a. Renewable Purchase Obligation (RPO): Obligated entities may meet RPO requirements through renewable energy procurement, captive generation, open-access purchases, renewable energy certificates, and any additional mechanisms notified by the Central or State Government.
b. Energy Storage Obligation: The regulations also introduce a phased energy storage obligation from FY 2026-27, subject to specified renewable charging conditions, with compliance treatment as provided in the regulations.
c. RPO Targets: RPOs targets increase progressively through FY 2029-30 in line with national trajectory norms. Monitoring is undertaken by the State Nodal Agency, while regulatory enforcement vest with DERC.

Through this framework, DERC aligns with the national policy on renewable energy consumption and enhances accountability in adoption of clean energy.

You can access the draft regulations here.

Offshore Tenders Cancelled by SECI

In 2025, the Solar Energy Corporation of India Limited ("**SECI**") did not proceed with the offshore wind tender processes initiated for Gujarat and Tamil Nadu, reportedly due to limited developer participation and broader project-viability considerations. Offshore wind projects in India are widely understood to involve significantly higher capital costs than onshore wind, with industry estimates indicating materially higher per-MW investment requirements.

Subsequent government and stakeholder consultations have indicated an intent to reassess the tender structure and procurement approach for offshore wind deployment; however, the timing and scale of any future bidding rounds remain subject to official notification.

Standard Operating Procedure issued for ALMM-Wind

The Ministry of New and Renewable Energy ("**MNRE**") has been reviewing and strengthening the regulatory framework governing the enlistment, quality assurance and traceability of wind turbine models and components, including the evolution of the Revised List of Models and Manufacturers (RLMM) toward an approved-list-based mechanism for the wind sector. In this context, MNRE issued a Standard Operating Procedure ("**SOP**") dated 29 October 2025 setting out the process for enlistment under the Approved List of Models and Manufacturers – Wind (ALMM-Wind) and the Approved List of Models and Manufacturers – Wind Turbine Components (ALMM-WTC). The SOP prescribes documentation, technical certification, standards-compliance requirements and verification procedures applicable to manufacturers seeking inclusion in the approved lists, with the objective of enhancing quality control, regulatory oversight and supply-chain traceability. MNRE subsequently issued an amendment to the SOP on 1 December 2025 refining certain procedural aspects. The ALMM-Wind and ALMM-WTC framework is expected to influence procurement eligibility and compliance requirements for wind power projects in India, subject to applicable notifications, implementation timelines and further regulatory clarification.

You can access the SOP here.

High Court of Bombay sets aside MERC Review Order

On 3 November 2025, the Bombay High Court, in *O2 Renewable Energy Private Limited v. Maharashtra Electricity Regulatory Commission*, set aside the Maharashtra Electricity Regulatory Commission's ("**MERC**") MYT Review Order dated 25 June 2025, which had introduced substantive modifications to the underlying Multi-Year Tariff ("**MYT**") order dated 28 March 2025. The Court held that where a regulatory order introduces material changes affecting stakeholders, the Commission must comply with principles of natural justice, including providing adequate notice and an opportunity for stakeholder consultation in accordance with the applicable MYT regulatory framework.

The challenge before the Court related to revisions introduced through the review process that, according to the petitioners, affected inter alia solar-energy banking conditions, tariff treatment for certain consumer categories and related financial

parameters without a prior consultative exercise. Emphasising the requirement of procedural compliance in such circumstances, the Court set aside the impugned review order dated 25 June 2025 and underscored that consultation requirements under the governing MYT regulations must be adhered to where substantive stakeholder impacts arise.

The judgment highlights the importance of procedural transparency in tariff regulation and may have broader implications for the manner in which electricity regulatory commissions undertake review or modification of tariff orders.

You can access the judgment **here.**

Supreme Court directions on protection of the Great Indian Bustard

On 19 December 2025, the Supreme Court of India *in M.K. Ranjitsinh & Ors. v. Union of India & Ors.* issued further directions in the ongoing proceedings concerning conservation of the endangered Great Indian Bustard ("**GIB**") and the interface between wildlife protection and renewable-energy transmission infrastructure. The Court considered the recommendations of an expert committee constituted earlier in the proceedings and accepted the committee's core mitigation framework, while directing time-bound implementation in identified priority habitats.

Key aspects of the directions:

a. Development and siting considerations: The Court emphasised that project siting within ecologically sensitive or priority GIB habitats must be approached with heightened scrutiny. Renewable-energy and associated infrastructure proposals in such areas are required to conform to the mitigation framework approved by the Court and remain subject to case-specific regulatory and environmental clearances.

b. Transmission planning and corridor-based routing: The directions recognise a corridor-oriented approach to transmission and evacuation infrastructure in priority landscapes, with routing, consolidation of lines, and technical configuration to be aligned with wildlife-protection considerations identified by the expert committee and relevant authorities.

c. Mitigation for existing infrastructure: For existing transmission networks located in priority areas, the Court mandated implementation of mitigation measures—such as undergrounding where feasible, rerouting, insulation, bird-diverter installation, and other technically appropriate safeguards—within timelines to be specified by competent authorities in accordance with the committee framework.

d. Institutional coordination and implementation: Implementation is to be undertaken through coordination among central and state authorities, including energy, forest and wildlife agencies, guided by the expert committee's recommendations and subject to continuing judicial oversight in the pending proceedings.

The directions underscore the Supreme Court's continuing effort to balance biodiversity conservation with renewable-energy expansion. Developers and transmission planners operating in or near priority GIB habitats should expect greater scrutiny at the planning, routing and mitigation stages, potentially affecting project timelines, design choices and capital costs, particularly where corridor-based routing or additional mitigation works are required.

You can access the judgment **here.**

CERC draft Tariff Framework for Integrated Energy Storage Systems

On 1 December 2025, the Central Electricity Regulatory Commission ("**CERC**") issued draft amendments to the CERC (Terms and Conditions of Tariff) Regulations, 2024 proposing a regulatory framework for integrating Integrated Energy Storage Systems ("**IESS**") within the tariff architecture applicable to inter-state generating stations and transmission systems.

Key proposals:

a. Recognition of storage as a regulated element: The draft amendments propose formal recognition of energy storage within regulated tariff structures and introduce a two-part supplementary tariff construct for IESS comprising:
   i. a Supplementary Capacity (Storage) Charge, intended to reflect fixed cost components associated with the storage system, including capital cost, financing, return on equity, and operation and maintenance expenses; and
   ii. a Supplementary Energy Charge, linked to the cost of electricity used for charging the storage system, adjusted for round-trip efficiency, auxiliary consumption, and the source of charging power.

   These mechanisms remain subject to finalisation following stakeholder consultation.

b. Additional capitalisation and regulatory approval: The draft amendments also outline principles governing additional capitalisation for IESS-related investments and indicate that expenditure would be subject to CERC's prudence review and approval processes in accordance with the tariff regulations.

c. Incentive structure: The draft framework contemplates performance-linked incentives, including a proposed incentive for discharge beyond specified normative efficiency levels, subject to determination in the final regulations.

You can access the draft amendments here.

CERC notifies Virtual Power Purchase Agreement Guidelines

On 24 December 2025, the Central Electricity Regulatory Commission ("**CERC**") issued the Guidelines for Virtual Power Purchase Agreements ("**VPPA Guidelines**"), providing a regulatory framework for certain financial, non-physical renewable energy procurement arrangements within CERC's jurisdiction.

A VPPA is generally structured as a contract-for-difference–type financial settlement mechanism linked to the output of a specified renewable energy project, without physical delivery of electricity to the buyer.

Key features

a. Contracting structure: The VPPA Guidelines contemplate VPPAs between renewable energy generating stations and consumers or other designated entities, including those seeking to meet renewable procurement or sustainability-related obligations, subject to applicable regulatory requirements.
b. Minimum tenure: VPPAs are required to comply with the minimum contractual tenure prescribed under the Guidelines, unless otherwise permitted by CERC.
c. REC treatment: Eligibility for issuance, transfer and utilisation of Renewable Energy Certificates ("**RECs**") in relation to VPPA-linked capacity remains subject to the CERC REC regulatory framework, including registration, compliance and extinguishment requirements applicable to obligated entities.
d. Trading and transfer restrictions: Where RECs are utilised for regulatory compliance, their transferability and trading are governed by the applicable REC Regulations and any compliance-specific limitations recognised under the VPPA framework.

The VPPA Guidelines are effective from the date specified in the relevant CERC notification and are expected to facilitate greater participation in renewable procurement through financial settlement structures, while remaining subject to evolving regulatory interpretation and market practice.

You can access the VPPA Guidelines here.

Telangana Electricity Regulatory Commission issues Rooftop Solar PV Regulations, 2025

On 15 November 2025, the Telangana Electricity Regulatory Commission **("TERC")** issued the Rooftop Solar PV GridInteractive Systems Regulations, 2025, replacing the earlier 2016 netmetering framework. The new regulation acts as the framework governing connecting rooftop solar systems to the grid, measurement of electricity, and how consumers are credited for the solar power they generate. It applies to all distribution licensees, eligible consumers, and thirdparty owners of rooftop solar installations across the state of Telangana.

Key Features:

a. Types of Metering Options: Consumers may choose from four models:
   i. *Net Metering:* Solar energy first meets the consumer's own use; extra energy is exported to the grid. Available up to 500 kWp.
   ii. *Gross Metering: All* solar energy is sold to the grid; the consumer purchases all electricity separately. Allowed up to 1 MWp.
   iii. *Group Net Metering* ***(GNM):*** One solar system can offset electricity usage across multiple connections of the same consumer.
   iv. *Virtual Net Metering* ***(VNM):*** Solar energy can be shared across multiple beneficiaries, especially useful for apartments and group housing.
b. Capacity Limits and Connectivity: Residential and government consumers may install rooftop solar up to 100% (one hundred percent) of sanctioned load, and commercial and industrial consumers may go up to 80% (eighty percent) of sanctioned load. Rooftop systems must adhere to safety and technical standards of the Central Electricity Authority.
c. Billing, Settlement & Charges: Under net metering, exported solar energy is adjusted monthly against consumption and surplus is compensated at the lowest solar tariff discovered by the DISCOMs. Under gross metering, all exported energy is purchased by the DISCOM at the same benchmark rate. GNM and VNM allocations are shared based on predeclared ratios, with wheeling losses applied depending on voltage levels.
d. Open Access & Exemptions: Consumers using net or gross metering may also avail open access if total capacity does not exceed contracted demand. Certain surcharges and wheeling charges are waived depending on the metering model.

The regulations create a clearer and flexible system, making it easier for individuals and businesses to adopt solar energy.

You can access the regulations here.

Punjab State Electricity Regulatory Commission issues Deviation Settlement Mechanism Regulations, 2025

On 2 December 2025, the Punjab State Electricity Regulatory Commission **("PSERC")** notified the Deviation Settlement Mechanism **(DSM)** and Related Matters Regulations, 2025 ("**DSM Regulations**") which will take effect from 1 April 2026. These regulations set out provisions that gridconnected entities in Punjab must follow to ensure that electricity is generated and consumed according to scheduled plans.

Key Features:

a. Applicability and Scope: The DSM Regulations apply to all sellers with 5 MW and above connected to the intrastate system including openaccess users, captive generators, except wind and solar generators. They also apply to all buyers including distribution licensees, deemed licensees, and full openaccess consumers. It also clarifies the role of the State Load Despatch Centre ("**SLDC**"), which oversees scheduling and dispatch operations.

b. Scheduling and SLDC Oversight: All grid entities must follow dayahead scheduling procedures as per the State Grid Code. SLDC exercises oversight and issues dispatch instructions, updates schedules in real time, and may reduce or increase generation based on system conditions such as congestion or frequency deviations. SLDC's instructions are binding on all participants.

c. Deviation Measurement and Charges: Deviation is measured every 15 (fifteen) minutes by comparing the actual energy drawn or injected with the scheduled amount. Weekly settlement is done through a State Deviation Pool Account. Buyers also face graded penalties based on how much they overdraw or underdraw.

d. Payment Security and Enforcement: Entities must pay deviation charges within 10 (ten) days. Frequent defaulters must open a Letter of Credit equal to 110% (one hundred ten percent) of their highest weekly liability. SLDC may encash the Letter of Credit if payments are delayed. Intentional misdeclaration or gaming can lead to penalties and disallowance of deviation benefits.

The primary aim of the regulations is to maintain grid stability and prevent sudden imbalances that could affect the entire power system. It provides the SLDC stronger tools to manage realtime conditions and prevent grid stress. Overall, the framework is likely to reduce operational risks, improve planning, and support smoother integration of different power sources in the state.

You can access the regulations **here.**

Gujarat Green Hydrogen Policy 2025

The Government of Gujarat has issued the Gujarat Green Hydrogen Policy, 2025, setting out a long-term framework to promote the production, utilisation and export of green hydrogen and its derivatives within the State. The policy is stated to remain in force until 31 December 2035, unless extended or modified by the Government.

Key features:

a. Mission and indicative targets: The policy envisages development of up to 3 million metric tonnes per annum of green hydrogen production capacity in Gujarat by 2035, supported by significant electrolyser and renewable-energy capacity addition, together with associated investment and employment generation. These figures represent policy targets and projections rather than enforceable commitments.

b. Eligibility and project structure: Green hydrogen projects may be established in Gujarat by eligible public or private entities, subject to registration during the policy period and compliance with applicable central and state laws, approvals and regulatory requirements. Projects may source renewable energy through captive generation, third-party procurement, open access, distribution licensees or power exchanges, in accordance with prevailing regulations. Projects qualifying under national green-hydrogen initiatives may also be eligible to claim state-level incentives, subject to applicable conditions.

c. Incentive framework for electrolysis-based projects: The policy provides for capital support and fiscal incentives for specified categories of electrolysis-based green hydrogen projects, including support for associated infrastructure and partial reimbursement of certain transmission, wheeling and statutory charges, subject to prescribed caps, timelines, eligibility conditions and budgetary availability.

d. Support for biomass-based and downstream infrastructure: Additional support is contemplated for biomass-based hydrogen production, development of green-hydrogen hubs, refuelling infrastructure and hydrogen-based mobility applications, typically in the form of capital subsidies or financial assistance up to specified limits, and subject to approval by the competent authorities and compliance with policy conditions.

You can access the policy **here**.

Ministry of Power's Draft Amendments to Captive Generating Plant Requirements

On 2 January 2026, the Ministry of Power released draft amendments to Rule 3 of the Electricity Rules, 2005, which set out the eligibility framework for recognition of captive generating

plants in India. The proposed amendments seek to clarify ownership, consumption and structural requirements for captive arrangements, while aligning the regulatory framework with evolving industrial practices, including group-captive models, special purpose vehicle ("SPV") structures, and renewable-energy–based captive generation. The draft amendments remain subject to stakeholder consultation and final notification.

Key proposals:

a. Definitions and structural recognition: The draft amendments propose revisions to key definitions relating to captive users, ownership structures, assessment periods and SPVs. They contemplate recognition of certain group company and holding-company arrangements within captive structures and provide that eligible entities forming part of an association-based captive arrangement may, subject to prescribed conditions, be treated collectively for the purposes of determining captive status.

b. (b) Ownership and consumption requirements: Consistent with the existing statutory framework, the draft amendments retain the principle that a generating plant qualifies as captive where captive users collectively hold not less than 26 percent ownership and consume at least 51 percent of the electricity generated from the identified captive unit(s). The draft also proposes unit-level verification of compliance, enabling phased or multi-unit project configurations, subject to final regulatory clarification.

c. (c) Proportionate consumption in association-based captive structures: For association-of-persons or group-captive arrangements, the draft amendments outline a proportionate consumption principle linked to ownership share, while indicating that limited deviations from proportionate consumption may not, in themselves, disqualify captive status, subject to prescribed thresholds and regulatory interpretation.

d. (d) Flexible assessment period: The draft amendments further propose allowing compliance with ownership and consumption criteria to be assessed over a continuous assessment period within a financial year, including the use of weighted-average shareholding where ownership changes occur during the relevant period.

Collectively, the proposed changes are intended to simplify verification, enhance flexibility in captive structuring, and support wider adoption of renewable-energy–based captive generation, subject to finalisation of the amendments by the Central Government.

You may access the draft amendments here.

Gujarat Integrated Renewable Energy Policy 2025.

On 24 December 2025, the Government of Gujarat notified the Integrated Renewable Energy Policy, 2025, superseding the earlier 2023 policy framework and stated to remain applicable until 31 December 2030, unless modified or extended by the Government. The policy seeks to accelerate deployment of solar, wind, hybrid and emerging renewable-energy technologies, strengthen grid and evacuation infrastructure, facilitate investment, and promote employment, innovation and sustainable development within the State.

Key features:

a. Scope and eligibility: The policy applies across a broad spectrum of renewable-energy technologies, including ground-mounted, rooftop, floating and canal-based solar; onshore and distributed wind; wind-solar hybrid configurations; standalone battery energy storage; and off-grid renewable systems. It also recognises certain emerging and niche technologies—such as ocean energy, geothermal systems, concentrated solar thermal, building-integrated photovoltaics, agrivoltaics and vertical-axis wind turbines – subject to applicable regulatory approvals and technical feasibility.

b. Solar and wind development framework: The policy permits development of solar and wind projects both within and outside designated renewable-energy parks, on public or private land, in accordance with prevailing land, grid-connectivity and regulatory requirements. Support measures include facilitation of rooftop solar deployment through net-metering or successor mechanisms, promotion of distributed solar applications (including agriculture-linked models), encouragement of floating and canal-top solar installations subject to water-body permissions, and co-location of battery storage where technically and commercially viable. Wind development is similarly supported through park-based and standalone project models, including distributed and small-scale installations, together with measures to strengthen wind-resource assessment.

c. Wind-solar hybrid projects: The policy contemplates multiple hybrid-project configurations, including conversion of existing assets and development of new integrated hybrid facilities, with metering, grid-integration and transmission-capacity treatment to be governed by applicable regulatory provisions and project-specific approvals.

d. Banking, charges and captive use: Energy banking and applicable grid-related charges are addressed on a regulatory and billing-cycle basis, subject to determination by the competent electricity regulatory commission. Certain consumer categories – such as residential rooftop installations

or qualifying captive users – may be eligible for exemptions or concessions from specified surcharges or banking-related charges in accordance with prevailing regulations and notified conditions.

e. Repowering and renewable-energy parks: The policy promotes repowering of ageing wind assets with higher-capacity technology and supports development of large-scale renewable-energy parks through public or private participation, with facilitative measures relating to siting, grid connectivity, and project implementation subject to applicable approvals, incentives and regulatory frameworks.

You can access the policy **here.**

Draft National Electricity Policy 2026

On 20 January 2026, the Ministry of Power issued the Draft National Electricity Policy 2026 ("**NEP 2026**") for public consultation, under the mandate of the Electricity Act 2003, intended to replace the existing National Electricity Policy notified in 2005. The NEP 2026 intends to achieve 45% reduction in emissions intensity by 2030 and attain net zero emissions by 2070.

Key Features:

a. Resource Adequacy Plans: To facilitate a decentralised capacity expansion and ensure 24x7 power supply, the NEP 2026 requires the Central Electricity Authority ("CEA"), in consultation with state level government departments and other key stakeholders, prepare resource adequacy plans ("**RAP**") for generation and transmission, ensuring grid reliability. It also requires State Load Dispatch Centres ("**SLDCs**") and DISCOMs to prepare RAPs aligned with the national RAP.

b. Renewable Energy: It underscores the need for large investments for expansion of non-fossil fuel capacity by 2047. The NEP 2026 calls for tighter enforcement of Renewable Consumption Obligation ("RCO") requirements. It also contemplates development of a regulatory frameworks for mechanisms such as Virtual Power Purchase Agreements and Bilateral Contract Settlements.

c. Energy Storage Systems ("**ESS**"): ESS are being positioned as critical to integrating variable renewable energy and increasing grid reliability. ESS may be deployed in generation, transmission, distribution or standalone assets. It supports emerging storage technologies especially, Battery Energy Storage Systems ("**BESS**"). Regulators are to promote co-located batteries with renewable projects.

d. Distribution System Operator: It establishes a Distribution System Operator at a DISCOM level to enable real time network management and minimization of losses. This body would facilitate integration of distributed renewables, storage, and vehicle-to-grid systems.

e. Power Markets: The NEP 2026 calls for expansion of power markets via execution of standardised contracts for collective transactions executed on power exchanges; phased introduction of capacity markets; and implement open access reforms.

f. Cybersecurity Measures: It requires power sector utilities to align their cybersecurity initiatives with the National Cyber Security Policy and adopt standard operating procedures to proactively safeguard the power sector.

You can access the draft policy **here**.

Non-Renewable Energy

Draft Coal Exchange Rules, 2025

On September 16, 2025, the Ministry of Coal issued the Draft Coal Exchange Rules, 2025 for public consultation. The draft rules follow after the Mines and Minerals (Development and Regulation) Amendment Act, 2025 introduced the concept of a mineral exchange[1] which allows coal to be traded on electronic platforms, shifting from traditional sales channels to competitive markets.

Presently, India has reached over 1 billion tonnes of coal production and is moving toward surplus availability. A surplus market requires transparent trading mechanisms to prevent inefficiencies and monopolies. The draft rules tackle this by addressing pivotal aspects of trading of coal on Coal Exchanges, allowing captive miners to offload surplus coal into the open market, selling beyond the existing long-term linkage mechanism.

Key Features:

a. A "*Coal Exchange*" has been defined as an online platform for trading coal and lignite. It is clarified that only registered entities can operate such exchanges under CCO (*defined below*) oversight. The scope includes trading raw coal, lignite, and processed forms.

b. The Coal Controller Organization **("CCO")** is the regulatory authority empowered to register, regulate, and revoke exchanges. It will issue regulations covering fees, record-keeping, surveillance, and dispute resolution. The CCO will also monitor market integrity, preventing cartelization, insider trading, and manipulation.

1 The term "mineral exchange" has been defined as, *"an electronic trading platform or marketplace registered in accordance with the provisions of this Act, where buyers and sellers of minerals, its concentrate or its processed forms (including metals), transact, trade and enter into contract, including in derivatives;"*

c. Participation in the Coal Exchange is voluntary, and traditional sales channels may also continue.

The Draft Coal Exchange Rules, 2025 represents a major step toward modernizing India's coal sector. By creating regulated electronic marketplaces, the policy aims to improve transparency, efficiency, and price discovery in a surplus coal scenario.

You can access the rules here.

CTUIL Draft Procedure on Change in Control of Connectivity Grantee

On 2 December 2025, the Central Transmission Utility of India Limited ("**CTUIL**") issued a Draft Procedure for Approval of Change in Control of Connectivity Grantee with Regulation 11A(6)(c) of the CERC (Connectivity and GNA to the ISTS) Regulations, 2022 to specify the process, and timelines for seeking approval for any change in control of a Connectivity grantee prior to commercial operation date.

Key Features:

a. Applicability: The procedure applies to all Connectivity grantees who are Renewable Energy Generating Stations (excluding hydro generating station) or Energy Storage Systems. It covers both new and existing grantees who have not commissioned projects for the full connectivity granted to them.
b. Grounds for change in control: Application for change in control shall only be considered on the grounds provided in the draft procedure, which are (i) connectivity grantee being admitted into insolvency/liquidation proceedings; (ii) government ordered or statutory transfers; (iii) step-in rights of lender due to facility or loan default by connectivity grantee; (iv) if the connectivity grantee is a consortium or joint venture, change in shareholding of the same; or (v) change in control arising from exit of a foreign company from India.
c. Non-Compliance: If change in control is made without prior approval or if the application is made after the change is effected, it will lead to revocation of connectivity and encashment of the bank guarantee.

You may access the draft procedure here.

Highways and Logistics

MoRTH tightens Arbitration timelines

On September 4, 2025, the Ministry of Road Transport and Highways **("MoRTH")** issued a circular to address delays in arbitration proceedings under the Arbitration and Conciliation Act, 1996, particularly Sections 23(4) and 29A. These provisions impose strict timelines with respect to arbitration proceedings. It requires that pleadings must be completed within six months of the arbitrators' appointment, and arbitral awards must be delivered within twelve months thereafter. Extensions are permitted, but only within defined limits, either by mutual consent for up to six months under Section 29A(3), or through court approval under Section 29A(4). If deadlines are missed without extension, the arbitrators' mandate terminates, risking disruption of ongoing disputes.

MoRTH observed frequent delays in processing extension requests, which jeopardize the continuity of arbitration tribunals. Such lapses can stall highway and infrastructure projects, escalate costs, and force parties to seek fresh tribunals or court intervention.
You can access the circular here.

NHAI HAM Qualification Criteria

On August 6, 2025, the National Highways Authority of India **("NHAI")** issued a circular to implement the Ministry of Road Transport and Highways' July 10, 2025, directive tightening the qualification criteria in the Standard RFP for Hybrid Annuity Mode ("**HAM")** projects. The goal is to raise bidder quality, reduce disputes over experience, and standardize documentation across agencies. Document submission is streamlined and time-bound, with clear lists to be produced before LOA, reducing post-award frictions.

Key features:

a. Similar Completed Work: The circular clarifies what counts as "similar completed work", which is a qualification for HAM bidders. A project will qualify only if it includes all major components comparable to the bid work; partial or narrower scope of work will not count.
b. Experience Certificate: To claim such experience, bidders must now submit an Experience Certificate in the prescribed format in addition to auditor/client certificates. For NHAI-executed projects, the certificate will be issued by NHAI HQ based on the Project Director's recommendation. This closes gaps that previously allowed inconsistent claims helping evaluators verify scope equivalence.

c. Available Net Worth: Financial thresholds have been strengthened. The RFP moves from a simple net worth test to an *"available net worth"* test that adjusts for ongoing commitments using specified update factors. The threshold financial capacity rises to about 20% of Estimated Project Cost, with each consortium member needing at least 10%. This better tests a bidder's true capacity to take on new work and curbs over-commitment risk that can lead to delays or cost overruns.

Governance and bid integrity are reinforced. Bid Security not only remains mandatory but is expressly invalid if sourced from third parties; the same ban applies to Performance Security and any Additional Performance Security. These reforms favor well-capitalized, technically capable bidders, reduce ambiguity in experience claims, and improve bankability by lowering execution risk.

You can access the circular here.

NHAI Issues Guidelines for Pre-Bid Query Responses

On September 10, 2025, NHAI issued a circular establishing a structured process for answering pre-bid queries in EPCI/HAM/BOT procurements.

Key Features:

a. Each department has to set up a small review team to answer bidder questions. This team will include three senior managers: the Chief General Manager for Technical, the Chief General Manager from the Contracts/Management side, and the Chief General Manager from the DPR (project design) unit. Replies will be drafted with help from the design consultant (DPR Consultant) and the finance consultant. The team will then approve these replies, and the discussion and decisions will be written down and saved in the e-file system.
b. Every three months, the DPR unit will collect all final replies from every department to make sure answers are consistent everywhere. Based on this collected feedback, the contracts team will update the standard contract documents so future tenders use clearer, uniform terms.
c. For bidders and lenders, consistent and recorded clarifications improve bankability and reduce pricing for uncertainty.
d. For NHAI, the process shortens procurement timelines by cutting back-and-forth queries and provides a defensible record for any challenge. Effective implementation will depend on strict adherence to the Committee process, timely compilation by the DPR Cell, and disciplined publication of uniform clarifications across all concurrent packages.

You can access the circular here.

NHAI launches RIIMPL for Highway Monetization

NHAI is in the process of establishing Raajmarg Infrastructure Investment Trust ("**RIIT**"), as a public InvIT to strengthen road asset monetization and expand investments. Under the initiative, NHAI has incorporated Raajmarg Infra Investment Managers Private Limited ("**RIIMPL**") as the investment manager entity for the proposed InvIT.

RIIMPL is a venture between leading banks including State Bank of India, Punjab National Bank, HDFC Bank, ICICI Bank, IDBI Bank and IndusInd Bank. Mr. Rajendra Kumar has been appointed as the Managing Director and CEO of this entity. RIIMPL will focus on establishing robust governance standards, fully aligned with SEBI's InvIT regulations, ensuring transparency, investor protection, as well as best-in-class reporting and compliance frameworks. The first issuance of InvIT units for retail and public investors is expected to be launched in February 2026.

You can access the press release here.

Other

Guidelines for Silica Sand Mining and Washing Plants

The Central Pollution Control Board ("**CPCB**") issued comprehensive guidelines on silica mining and washing plants, intended to regulate the environmental impacts of the same.

The National Green Tribunal *vide* Order passed in *Devidas Khatri v. Union of India & Ors.* directed the CPCB to frame guidelines with respect to silica sand mining and washing plants, to be adhered to and enforced by the concerned statutory regulators in granting permissions or consents under the Air Act 1981, Water Act 1974 and Environment Protection Act 1976. s

It calls for dust control through frequent application of dust suppressants, meeting water requirements from the working pit, employment of anti-smog guns and maintenance of fugitive emissions within the thresholds prescribed. The guidelines

prescribe reforestation and afforestation programmes to increase green cover and prohibits the displacement of fauna due to mining activities. Further, regular medical examinations of mine workers' lungs, ears and eyes and limitation of their exposure to dusty and noisy areas have been stipulated.

You can access the Guidelines here.

The Sustainable Harnessing and Advancement of Nuclear Energy for Transforming India (SHANTI) Bill, 2025

On 18 December 2025, the Government of India passed the SHANTI Bill on 28 December 2025, repealing the Atomic Energy Act, 1962 and acting as the most significant reform of India's nuclear energy framework in decades. It opens the nuclear sector to private participation, and addresses long-standing gaps in financing, liability, regulatory clarity, and long-term waste management.

Key features:

a. Financing Framework and Liability Structure: The Bill introduces a modern financing model based on the Regulated Asset Base **("RAB")** approach, allowing developers to recover approved costs during construction and lowering dependence on high-cost debt. Tariffs will be determined by the Central Government under a transparent, regulated-return framework.

b. Clear Regulatory Timelines and Institutional Framework: To reduce historical delays, the Bill establishes statutory timelines for site, environmental, and safety approvals. The Atomic Energy Regulatory Board **("AERB")** is granted statutory status and enhanced powers over licensing, inspection, and enforcement. A dedicated Nuclear Damage Claims Commission will handle nuclear-related claims, while other disputes may escalate to the Atomic Energy Redressal Advisory Council and thereafter the Appellate Tribunal for Electricity.

c. Waste, Spent Fuel, and Decommissioning Framework: It mandates ring-fenced funds for decommissioning and waste management and introduces transparent cost-pass-through rules. This ensures long-term clarity for operators and investors on obligations relating to spent fuel and end-of-life activities.

d. Innovation and Advanced Reactor Pathways: To encourage next-generation technologies, the Bill creates tailored approval pathways including staged licensing and generic design assessments. Licensing requirements for peaceful nuclear R&D have been removed, enabling greater innovation by private entities and supporting India's goal of developing indigenous SMR technologies.

e. Energy Security and System Integration: The Bill strengthens nuclear power's role as a source of reliable baseload energy by supporting lifetime extensions, improved grid integration, and streamlined site development. It permits private participation in nuclear fuel transport, storage, and technology trade, expanding supply chains for a sector heavily dependent on imported uranium.

The SHANTI Bill marks a transformative shift in India's nuclear policy. Effective implementation could significantly enhance investor confidence and position nuclear energy as a key pillar of India's clean-energy and industrial strategy in the coming decades.

You can access the draft bill here.

Please feel free to address any further questions or request for advice to:

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