GAZETTE OF INDIA | PRINCIPAL: 9 MAY 2022 · AMENDMENT: 24 MARCH 2026

CERC (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2022 — and First Amendment, 2026

The REC Mechanism 2.0: Virtual PPA recognition, a broadened captive-plant definition, and a completely re-engineered Certificate Multiplier for post-amendment projects

No. RA-14026(11)/1/2022-CERC

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The base framework that the 2026 amendment modifies — read first if new to the REC mechanism.

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changes introduced by the 2026 First Amendment

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factors in the new weighted multiplier score

14A
new regulation covering VPPA certificates

WHY IT MATTERS: Slides 7–8 are the commercial core: the multiplier moves from a tariff-range table to a 3-factor score, changing REC economics by technology. Slides 9–11 set out VPPA treatment and what is grandfathered.

Notification & Timeline

No. RA-14026(11)/1/2022-CERC

9 May 2022
Principal Regulations notified

→

24 May 2022
Published in Gazette (No. 272, Part III Sec.4)

→

24 Mar 2026
First Amendment Regulations notified

→

Date of Gazette publication, 2026
Amendment comes into force

Principal Regulations (2022)

- Governs the REC mechanism for market development in renewable power
- Issued under Sections 66 & 178 of the Electricity Act, 2003
- Repealed and replaced the REC Regulations, 2010
- Signed by Harpreet Singh Pruthi, Secretary, CERC

First Amendment (2026)

- Formally titled: CERC (...REC for RE Generation) (First Amendment) Regulations, 2026
- Introduces 3 new definitions, amends 3 regulations, inserts a new Regulation 14A, and fully replaces Appendix-1
- Aligns REC framework with the Energy Conservation Act, 2001 (RCO) and VPPA structures

WHY IT MATTERS: This is CERC's most substantive REC-framework rework since 2010 — it recognises Virtual PPAs for the first time and overhauls how Certificate value is assigned across technologies.

REC Framework — Central Agency & Eligibility

Regulations 3 & 4

Central Agency: NLDC (Reg. 3)

- National Load Despatch Centre is the default Central Agency
- Commission may designate another agency if satisfied of its capability
- Functions: registration of eligible entities; accounting mechanism for generation & sale; issuance of Certificates; account maintenance & settlement; repository of transactions; Registry maintenance; any other function assigned by the Commission

Eligible Entities (Reg. 4)

- Renewable energy generating stations
- Captive generating stations based on renewable energy sources
- Distribution licensees
- Open access consumers
- RE generating station eligible only if tariff not determined/adopted under Sec. 62/63 and no transmission/wheeling charge waiver availed
- Captive stations: certificates for self-consumption portion are not eligible for sale

WHY IT MATTERS: The eligibility bar excludes plants already monetised via regulated tariff or RPO-compliance sale — RECs reward merchant/voluntary renewable generation specifically.

The REC Lifecycle — Four-Step Process

Regulations 5–11

1. Accreditation	2. Registration	3. Issuance	4. Exchange & Redemption
Reg. 6	*Reg. 8–9*	*Reg. 10*	*Reg. 11*
Intra-State: by State Agency Inter-State: by RLDC	By Central Agency (NLDC) Valid 25 years	Generators: within 6 months of generation Obligated entities: within 3 months	Via Power Exchanges or electricity traders; redeemed on RPO use

Denomination & Pricing (Reg. 12–13)

- Each Certificate = 1 MWh of RE electricity generated and injected (or deemed injected for captive self-consumption)
- Certificates issued in multiples of the assigned Certificate Multiplier (see next slide for the 2026 overhaul)
- Price is market-discovered on Power Exchanges, or mutually agreed between eligible entities and traders
- Commission may direct Power Exchanges/traders/nodal agency if it observes abnormal price movement or volume swings

WHY IT MATTERS: The 6-month (generator) / 3-month (obligated entity) issuance windows are hard cut-offs — miss them and no Certificate is issued at all.

First Amendment, 2026 — What Changed

5 changes across definitions, eligibility, timelines, VPPA & multiplier

1	**3 New Definitions**	Designated Consumer, Renewable Consumption Obligation (RCO), Virtual PPA (VPPA)
2	**Broader Captive Eligibility**	Reg. 4(3): RE plants with self-consumption now qualify even if they miss Electricity Rules, 2005 captive criteria
3	**Issuance Timeline Shift**	Reg. 10(3): 3-month clock now starts from State Commission's certification date, not FY-end
4	**New Reg. 14A: VPPA Treatment**	First-ever REC provisions for Virtual Power Purchase Agreements
5	**Certificate Multiplier Overhaul**	Appendix-1 replaced with a 3-factor weighted scoring model — new multipliers up to 4.0x

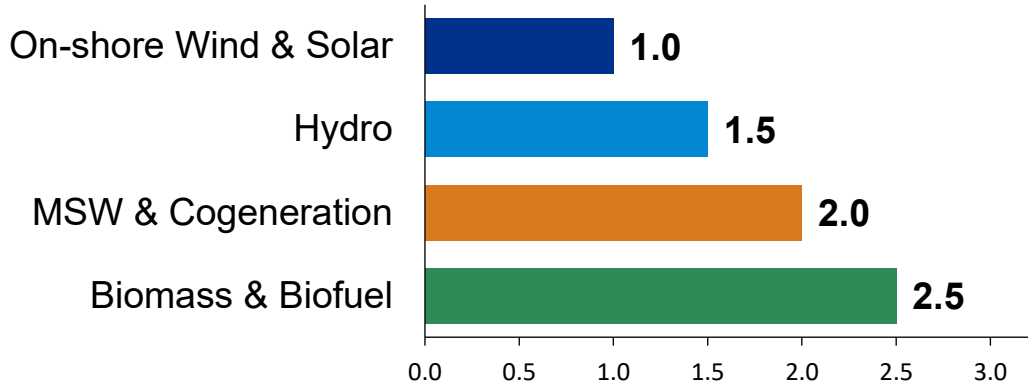
WHY IT MATTERS: Only the Certificate Multiplier change is grandfathered by commissioning date; the other four apply from the amendment's effective date onward.

Certificate Multiplier — Before the Amendment

2022 Regulation: tariff-range basis only (Reg. 12(2), original Appendix-1)

Renewable Energy Source	Tariff Range (₹/kWh)	Certificate Multiplier
On-shore Wind & Solar	≤ 4	1.0
Hydro	4 – 6	1.5
Municipal Solid Waste & non-fossil cogeneration	6 – 8	2.0
Biomass & Biofuel	8 – 10	2.5

Certificate Multiplier by Source



How the Old Multiplier Worked

- Determined solely by levelised tariff range — a single-factor proxy for technology cost
- Once assigned, valid for 15 years from commissioning; beyond that, reverts to a 1x multiplier
- This table still applies to stations commissioned after 5 Dec 2022 and before the 2026 Amendment's effective date

WHY IT MATTERS: Under the old regime, technology maturity and grid-support value were ignored — a cost-only lens that the 2026 Amendment now corrects.

Certificate Multiplier — After the Amendment

New Appendix-1: 3-factor weighted scoring (Reg. 12(2)(b))

Tariff Range — 40%

- Based on Sec.63 bid tariffs, CERC/SERC tariff orders
- Scored 0–100 across 6 tariff bands

Tech. Maturity — 30%

- "Fully commercialised" (0) to "R&D stage" (100)
- Rewards nascent/emerging technologies

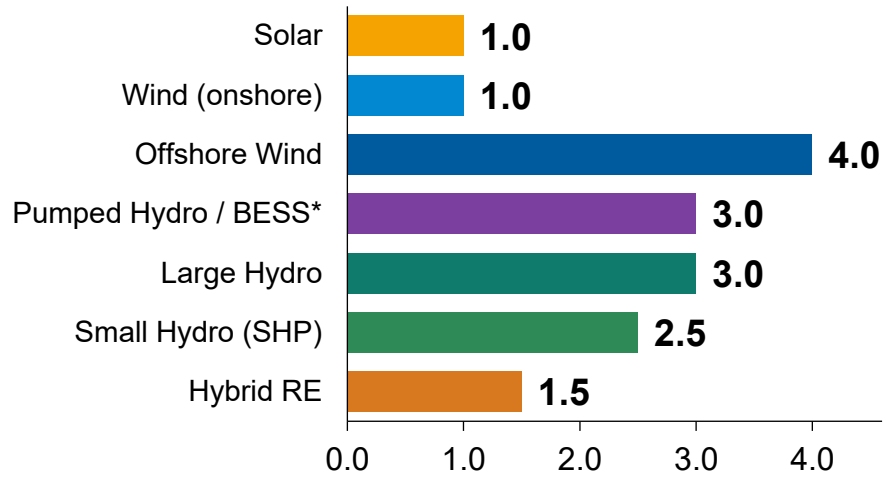
Capacity Credit — 30%

- Grid-support value: "Nil" (0) to "Very High" (100)
- Rewards dispatchable / firm RE

Technology	New Multiplier	vs. Old
Solar	1.0	— (unchanged)
Wind (onshore)	1.0	— (unchanged)
Offshore Wind	4.0	New category
Pumped Hydro / Cogen / Biomass / MSW / BESS*	3.0	↑ +0.5 to +1.0
Large Hydro	3.0	↑ from 1.5
Small Hydro Power (SHP)	2.5	↑ from 1.5
Hybrid RE	1.5	New category

BESS multiplier applies only when charged exclusively from renewable energy sources.

New Multiplier by Technology



WHY IT MATTERS: Offshore wind (4.0x) and firm/storage technologies (3.0x) now earn far more RECs per MWh than solar/onshore wind — a signal for where CERC wants investment to flow.

Treatment of Certificates under VPPA

New Regulation 14A — first REC provision for Virtual Power Purchase Agreements

RE Generator signs a VPPA
with a consumer or Designated Consumer

→

Certificates transfer
automatically to the consumer / designated consumer

→

Used for RPO or RCO
compliance by the consumer / designated consumer

→

Certificates extinguished
upon use; excess can be carried forward, not sold

Key Rules under Regulation 14A

- Certificates from a VPPA-linked generator transfer directly to the consumer/designated consumer — bypassing the normal exchange/trader route
- The generator must inform the Central Agency about which project has entered into a VPPA
- Transferred Certificates stand extinguished once used for RPO/RCO compliance; the Central Agency updates its records accordingly
- Certificates in excess of RPO/RCO can be carried forward to future years, but are barred from sale on Power Exchanges or through traders — they remain compliance-only instruments

WHY IT MATTERS: This gives corporate offtakers (including commercial and industrial consumers such as data-centre operators) a formal REC route through VPPAs — relevant where group entities are structuring renewable procurement on this basis.

Other Amendments Worth Tracking

Regulations 2, 4(3) & 10(3)

New Definitions (Regulation 2)

- Designated Consumer — meaning per the Energy Conservation Act, 2001
- Renewable Consumption Obligation (RCO) — the Central Government's minimum non-fossil consumption share requirement under EC Act Sec. 14(n) & (x)
- Virtual Power Purchase Agreement (VPPA) — meaning per CERC (Power Market) Regulations, 2021

Broader Captive Eligibility (Reg. 4(3))

- RE generating plants with self-consumption now eligible even if they do not meet the strict captive-generating-plant definition under the Electricity Rules, 2005

Issuance Timeline Shift (Reg. 10(3))

- Old rule: obligated entities apply within 3 months of financial year-end
- New rule: 3-month clock starts from the date of the State Commission's RPO-purchase certification instead

WHY IT MATTERS: The Reg. 10(3) shift decouples the REC application deadline from the fiscal calendar — track each State Commission's certification date closely, as missing the new 3-month window still forfeits the Certificate.

Applicability & Suggested Actions

Applicability

- Amends the CERC REC Regulations, 2022 (Gazette No. 272, 24 May 2022)
- Effective from the date of Gazette publication of the First Amendment, 2026
- Multiplier grandfathering: stations commissioned before the amendment's effective date keep the old (tariff-only) multiplier table for up to 15 years from commissioning
- Stations commissioned after the effective date fall under the new 3-factor Appendix-1 scoring

Suggested Compliance Actions

- Re-check commissioning dates of any RE/captive projects against the amendment's effective date to determine which multiplier table applies
- If evaluating offshore wind, pumped hydro, BESS or biomass, factor the higher 3.0–4.0x multiplier into project economics
- Track State Commission certification dates closely for the new Reg. 10(3) issuance timeline
- Flag VPPA as a formal REC-compliance route if any group C&I consumer is structuring renewable offtake this way

WHY IT MATTERS: Update the sector-wide regulatory tracker and any REC-multiplier assumptions used in project appraisal models — the new Appendix-1 materially changes the economics of technology choice.

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