

CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

Coram:

Shri Jishnu Barua, Chairperson

Shri Ramesh Babu V., Member

Shri Harish Dudani, Member

Shri Ravinder Singh Dhillon, Member

No RA-14026(13)/1/2024-CERC

Dated: 3rd September 2026

In the matter of

Central Electricity Regulatory Commission (Terms and Conditions for Purchase and Sale of Carbon Credit Certificates) Regulations, 2026. – Statement of Objects & Reasons (SOR) thereof.

STATEMENT OF OBJECTS & REASONS

INTRODUCTION

1.1. The Central Electricity Regulatory Commission (hereinafter referred to as the “CERC” or “the Commission”) initiated the process of notifying the Central Electricity Regulatory Commission (Terms and Conditions for Purchase and Sale of Carbon Credit Certificates) Regulations, 2024 vide Public Notice No. RA-14026(13)/1/2024-CERC dated November 13, 2024. Subsequently, the Commission invited written comments/ suggestions from stakeholders on the Draft Central Electricity Regulatory Commission (Terms and Conditions for Purchase and Sale of Carbon Credit Certificates) Regulations, 2024 by 31st December, 2024. In response, the Commission received written submissions from (36) Thirty-six stakeholders. The list of stakeholders is attached as **Annexure I** to this document. Subsequently, a public hearing on the Draft Central Electricity Regulatory Commission (Terms and Conditions for Purchase and Sale of Carbon Credit Certificates) Regulations, 2024 was held on June 18, 2025. The list of stakeholders who participated during the Public Hearing is attached as **Annexure II**. Further, the list of stakeholders who made oral submissions during the public hearing is attached as **Annexure III**.

- 1.2. The Commission considered the comments of stakeholders on the Draft Regulations, the views of participants in the Public Hearing, as well as their written submissions received during and after the Public Hearing. The Regulations have been finalised after due consideration of various issues raised by the Stakeholders. The analysis of the issues and findings of the Commission thereon is discussed in the subsequent paragraphs.
- 1.3. It may be noted that all the suggestions given by the stakeholders have been considered, and the Commission has attempted to elaborate upon and respond to each suggestion as well as convey the Commission's decisions on each suggestion in the Statement of Reasons. However, if any suggestion is not explicitly elaborated upon, it does not mean it has not been considered. Wherever possible, the comments and suggestions have been summarised clause-wise, along with the Commission's analysis and ruling on the same. However, in some cases, due to the overlapping of the issues/ comments, two or more clauses have been combined in order to minimise repetition.
- 1.4. The main issues raised during the public consultation process and the Commission's analysis and decisions on the issues that underlie the Regulations, as finally notified, are given in the subsequent paragraphs.

2. DEFINITIONS

2.1 Banking and Extinguishment (Regulation 2(1)(c))

Commission's Proposal

2.2 The Commission had proposed the following definition for Banking and Extinguishment in Regulation 2(1)(c) of the Draft Regulations:

***'Banking and Extinguishment of CCCs'** means banking and extinguishment of CCC as provided in the Detailed Procedure for Compliance Mechanism developed under Section 12 of the Carbon Credit Trading Scheme, 2023, as amended from time to time;*

Comments received

2.3 Prayas (Energy Group), UltraTech Cement Limited, Grid Controller of India Limited, Centre for Energy Regulation (CER), IIT Kanpur and OPG Power Generation Pvt Ltd recommended using the term "Surrender" instead of "Extinguishment" to avoid confusion with the compliance mechanism. It was also suggested to have a coherent definition across the Regulations and Detailed Procedure for the compliance market.

- 2.4 OPG Power Generation Pvt Ltd has stated that there is no mention of extinguishment in the Detailed Procedure. Instead, “surrender” is used.
- 2.5 Grid India stated that the Regulations or the Detailed procedure for Compliance Mechanism do not specify whether the Banking of CCCs by any non-obligated entity for re-trading is allowed or not. If re-trading is allowed, whether any restrictions apply to the number of times a CCC can be traded before extinguishment. The same may be stated for the stakeholders' clarity.

Analysis and Decision

- 2.6 The Commission has noted the suggestions provided by the stakeholders and agrees to modify the definition.
- 2.7 Regarding the status of entities, the nature of CCCs under both mechanisms is different and cannot be interoperable. Even the Obligated entity that registers as a Non-Obligated Entity under the Offset mechanism will maintain independent accounting of CCCs issued through the respective mechanism.
- 2.8 It is also clarified that the CCCs issued and credited in the Registry account under the compliance or offset mechanism can be traded only once.
- 2.9 In view of the above submissions, the Commission has modified Clause 2 (1)(c) as under:
- “**Banking and Surrender of CCCs**’ means banking and **surrender** of CCC as provided in the Detailed Procedure for Compliance Mechanism developed under Section 12 of the Carbon Credit Trading Scheme, 2023, as amended from time to time;*
- 2.10 **Market (Regulation 2(1)(j))**

Commission’s Proposal

- 2.11 The Commission had proposed the following definition of Market in Regulation 2(1)(j) of the Draft Regulations:

*“**Market**’ means a forum or platform where buyers and sellers, buy or sell CCCs through a Power Exchange;”*

Comments received

- 2.12 IIT Kanpur sought clarification on the use of the term “forum” in the regulations and whether it refers only to Indian power exchanges or also includes international platforms.

- 2.13 IIT Kanpur also opined that, as there is sufficient liquidity and competitiveness in the trading of carbon credits, CCCs should be tradeable on a ‘single’ platform through the coupling of power exchanges. Such coupling may be defined in the context of these regulations.

Analysis and Decision

- 2.14 The Commission has noted the suggestion and decided to align the definition of the term “Market” with that in the CERC Power Market Regulations (PMR) 2021.

- 2.15 In view of the above, the Clause has been modified as Clause 2(1)(n) as under:

“‘Market’ means a platform where buyers and sellers buy or sell CCCs;

- 2.16 **Floor Price (Regulation 2(1)(u) & Forbearance Price Regulation 2(1)(v))**

Commission’s Proposal

- 2.17 The Commission had proposed the following definition of ‘Floor Price’ in Regulation 2(1)(u) of the Draft Regulations:

‘Floor Price’ means the minimum price at which the Carbon Credit Certificates shall be traded on the power exchanges.

- 2.18 The Commission had proposed the following definition of Forbearance Price in Regulation 2(1)(v) of the Draft Regulations:

‘Forbearance Price’ means the maximum price at which the Carbon Credit Certificates shall be traded on the power exchanges.

Comments received

- 2.19 UltraTech Cement Limited wanted the value of Floor Price & Forbearance price of CCCs to be defined as the same, as it is needed to protect the Obligated Entities from market fluctuations. They also proposed that the price be higher than the minimum floor price, either equivalent to the last modified price of ESCerts or under a separate mechanism. Further, it was suggested that the floor and forbearance price apply only to the compliance mechanism, not the offset mechanism.
- 2.20 Hindalco Industries Limited suggested omitting the specification of the floor price, as price feasibility would provide a better opportunity to plan and execute decarbonisation projects. Also, if the CCU prices are fixed, the definition of Floor & Forbearance price becomes redundant

- 2.21 PTC India Ltd stated that the definitions of 'Floor Price' and 'Forbearance Price' are well-articulated; however, incorporating a mechanism for periodic review based on market trends would enhance adaptability and responsiveness to evolving dynamics.
- 2.22 Sustainable Projects Developers Association (SPDA) suggested periodical publication of floor and forbearance on market conditions.
- 2.23 Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL), requested specifying the procedure for determining floor and forbearance prices and soliciting stakeholder feedback.

Analysis and Decision

- 2.24 The Commission decides that the Floor & Forbearance Price will be fixed based on the proposal to be submitted by the Administrator. The word 'Power Exchange' is excluded to enable any other platform to also trade CCCs, as permitted by the Commission through a separate order in accordance with the CCTS scheme.
- 2.25 Hence, the Commission modifies the Clause as under:

*“‘**Floor Price**’ means the minimum price at which the Carbon Credit Certificates shall be traded.”*

*“‘**Forbearance Price**’ means the maximum price at which the Carbon Credit Certificates shall be traded.”*

- 2.26 **Non-Obligated Entities (Regulation 2(1)(l))**

Commission’s Proposal

- 2.27 The Commission proposed the following definition in the Draft Regulation 2 (1)(l)

*“**Non Obligated entities**” shall have the same meaning as assigned to it in clause (k) of Section 2 of the Carbon Credit Trading Scheme, 2023, as amended from time to time;*

Comments received

- 2.28 OPG Power Generation Pvt Ltd requested the Commission to clarify that, in case, in future, if any entity registered as " Non-Obligated Entity" (NOE) gets changed to "Obligated entity" (OE) due to an amendment in the Principal Act, whether the CCCs in

the entity Account shall be considered in the Registry for treatment under "Obligated Entities".

Analysis & Decision

2.29 The Commission is of the view that the nature of CCC under both mechanisms is different and cannot be interoperable. Even the OE that registers as NOE under the Offset Mechanism will have independent accounting of CCCs issued under the respective mechanism. Hence, no change is made to the definition.

2.30 Obligated Entities (Regulation 2(1)(m))

Commission's Proposal

2.31 The Commission proposed the following definition in the Draft Regulation 2 (1)(m)

“Obligated entities” shall have the same meaning as assigned to it in clause (l) of Section 2 of the Carbon Credit Trading Scheme, 2023, as amended from time to time;

Comments received

2.32 OPG Power Generation Pvt Ltd stated that the nine sectors - Aluminium, Chlor-Alkali, Cement, Fertiliser, Iron & Steel, Pulp & Paper, Petrochemicals, Petroleum refinery, and Textile are to be considered for gradual transition, and more sectors would be included in future. Hence, the Commission may clarify whether Thermal Power Plants are currently covered under the CCTS Scheme, 2023, and whether they may be excluded due to the nature of their operations.

2.33 PTC India sought clarity on whether entities operated under other compliance mechanisms, such as RPO, are included in the definition of OE.

Analysis & Decision

2.34 The Commission has noted the suggestions for the inclusion of other types of industries in the obligated market. As per the Carbon Credit Trading Scheme, 2023, the BEE, as an administrator, is required to identify sectors and their potential to reduce greenhouse gas emissions, and recommend them to the Ministry of Power for inclusion in the Indian carbon market. Hence, the same is outside the scope of these Regulations; thus, no change is made to the definition. The Regulation is renumbered as 2(1)(q).

3. OBJECTIVE (Regulation 3)

Commission's Proposal

3.1 The Commission had proposed the following:

The objective of these regulations is to create a framework for the exchange of Carbon Credit Certificates for the Obligated and the Non-Obligated entities on Power Exchanges.

Comments received

3.2 Grid India recommended including the development of the market stability mechanism for carbon credits among the stated objectives, as sub-para 2 of Para 5 of the CCTS assigns this mechanism to BEE.

3.3 New Age Markets in Electricity (NAME) suggested allowing CCCs to be traded on OTC markets alongside power exchanges, given the maturity of the certificate market in India.

Analysis and Decision

3.4 The Commission has framed these regulations within the broad contours of the Energy Conservation Act, CCTS Rules and Scheme. However, the Commission has created an enabling framework for any other mode of exchange of CCC only if allowed by way of amendment to the CCTS Rules and Scheme, as under:

“3. The objective of these regulations is to create a framework for the exchange of Carbon Credit Certificates between the Obligated and the Non-Obligated entities on Power Exchanges or through such other mode as may be permitted by the Commission by a separate Order in accordance with the CCTS”

4. SCOPE (Regulation 4)

Commission's Proposal

4.1 The following was proposed in Regulation 4 of the Draft Regulations

These regulations shall be applicable to the CCCs offered for transactions on Power Exchange(s), including contracts in CCCs as approved by the Commission in accordance with the provisions of the Power Market Regulations.

Comments received

- 4.2 Prayas (Energy Group) and Apraava Energy Private Limited recommended either defining or removing the term ‘contracts’ in regulations, stating that contracts are not defined in other related regulations, such as CCTS 2023 and its amendments. Alternatively, the Commission may consider redefining the standard format for such contracts to avoid ambiguity.
- 4.3 Shell India Markets Private Limited, PXIL, GNA Energy Private Limited, NAME, IIT Kanpur and SPDA suggested that CCC trades are to be regulated as per the Power Market Regulations of CERC and exclusively on the Power Exchanges. Some suggested trading the same on the OTC market to enable market participants to discuss custom contractual terms and conditions in bilateral transactions, as is prevalent in European Markets. Delivery and Execution may occur through the registry. They also wanted traders to transact directly in CCC to enable the OE plan investment to reduce their greenhouse gas emissions.

Analysis and Decision

- 4.4 The Commission agrees with the suggestions of the stakeholders to remove the term ‘contracts’ in the regulations.
- 4.5 In view of suggestions to enable trade of CCCs in various other modes, the Commission has modified the Clause as under:

“These regulations shall be applicable to the CCCs offered for transactions on Power Exchange(s), or through such other mode as may be permitted by the Commission pursuant to the CCTS and in accordance with the provisions of the Power Market Regulations.”

5. REGISTRY (Regulation 5)

Commission’s Proposal

- 5.1 The Commission had proposed the following in Regulation 5 of the Draft Regulations

For the purpose of these Regulations, the Grid Controller of India shall function as the Registry for the exchange of CCCs and shall establish the necessary framework for this purpose in accordance with Section 6 of CCTS 2023, as amended from time to time.

Comments received

- 5.2 Arkajyoti Bhattacharjee, India Power Corporation Limited, PTC India Limited, IIT Kanpur, Grid Controller of India and SPDA needed more clarity for ensuring the

operational independence of the Registry and aligning with international standards such as EU ETS, ISO 14064, to ensure a governance framework. They also suggested defining fees and charges, neutrality, transaction safety, system efficiency, data integrity, and data security. They also opined that, as per CCTS, the Registry will establish linkages with other national and international registries as approved by the Central Government. In such a case, additional expenses may not be included in the fees charged to entities under the Registry. Instead, the roles and responsibilities of the Registry operator will be for facilitating recovery of costs, and the same will be recovered either through the fee structure for the Registry or through RLDC Fees and Charges

5.3 It was also suggested to conduct regular independent audits and operational guidance for the registry for operational efficiency

5.4 MSEDCL sought clarification on whether obligated and non-obligated entities need to pay registration fees for both the Registry and Administrator.

Analysis and Decision

5.5 Grid India has been designated as the Registry for the Indian Carbon Market, and its functions are defined under the CCTS notification. The Commission has also stated that Grid India will establish the necessary framework in accordance with Section 6 of CCTS 2023.

5.6 The fees leviable by the Registry will be determined as per the detailed procedure for Registration of obligated and non-obligated entities with the Registry.

5.7 While the fees to be paid to the Registry are with respect to the cost of IT infrastructure requirements, the fees to be paid to the Administrator are related to the implementation of the Scheme.

5.8 It is clarified that only the domestic trade of CCCs is regulated by CERC, while international trade will be as per CCTS notification and MoEFCC guidelines.

5.9 Hence, no change is made in the said clause.

6. FUNCTIONS OF ADMINISTRATOR (Regulation 6)

Commission's Proposal

6.1 The Commission proposed the following in Regulation 6(2)(a):

Subject to the provisions of these regulations, the Bureau shall-

Formulate detailed procedure after public consultation and seeking approval of the Commission for the following, in pursuance of the Carbon Credit Trading Scheme in consultation with the Registry:

Comments received

- 6.2 Grid Controller of India recommended reworking the nomenclature of procedures under the Administrator's functions to avoid confusion with the existing Compliance Mechanism procedures.
- 6.3 Green Infra Corporate Solar Ltd advocated for allowing renewable energy credits to be sold both domestically and internationally to expand market reach and liquidity.
- 6.4 PXIL suggested that the CCCs may be re-traded, which will be purchased by OE for compliance. Power Exchanges should also be allowed to introduce contracts with different price discovery mechanisms, as in electricity markets.
- 6.5 PTC India Limited suggested setting a timeline for BEE to finalise procedures and introduce a grievance redressal mechanism for disputes involving Registry interaction with OE and NOE with respect to non-compliance and unfair trades.
- 6.6 Apraava Energy Pvt Ltd suggested that CCTS, as well as Draft Regulations, allow for the purchase and sale of CCCs among NE entities such as RE companies. Since the entities are not obligated, a separate procedure may be implemented to exchange CCCs in such cases. They also suggested incorporating provisions for demand-supply matching and settlement payments for CCC transactions.
- 6.7 Tata Power stated that OE is to be replaced by obligated and non-obligated entities and sought clarification as to whether CCCs are tradeable once or open to re-trade.

Analysis and Decision

- 6.8 The details related to demand-supply matching, settlement, and payment will be defined in the business rules of the power exchanges/ permitted entities under the CERC Power Market Regulations.
- 6.9 Regarding the suggestion of formulating a separate operational procedure for non-obligated entities, the Commission is of the view that CCCs will be issued to any entity

that develops the project as per the approved methodologies under the offset mechanism as formulated by the Bureau.

6.10 The detailed procedure formulated by BEE will specify the details of the interface activities between Power Exchanges/ permitted entities and Registry, Administrator and Registry, and Registry and obligated entities & non-obligated entities. However, the registration will be carried out by the Registry in accordance with the Procedures.

6.11 In view of the above, the Commission has made the following modification in the Clause:

“Formulate a detailed procedure for the transaction of CCCs after public consultation and seeking approval of the Commission for the following, in pursuance of the Carbon Credit Trading Scheme in consultation with the Registry.”

Commission’s Proposal 6(2)(a)(i)

6.12 The Commission had proposed the following in Regulation 6(2)(a)(i) of the Draft Regulations:

i) Interface activities between Power Exchanges and Registry, Administrator and Registry, and Registry and registered entities;

Comments received

6.13 New Age Markets in Electricity (NAME) proposed that OTC platforms should play a vital role in monitoring and accounting for CCC trades in the bilateral market. It also recommended replicating interface activities from the REC trading system to ensure transparency and accountability.

Analysis and Decision

6.14 The Commission has framed these regulations within the broad contours of the Energy Conservation Act, CCTS Rules and Scheme. Accordingly, the Commission has further clarified as follows:

“Interface activities between Power Exchanges and Registry, Administrator and Registry, and Registry and obligated entities & non-obligated entities, or such other activities as permitted by the Commission pursuant to the CCTS;”

Commission's Proposal 6(2)(a)(ii)

6.15 The Commission had proposed the following in Regulation 6(2)(a)(ii) of the Draft Regulations:

Registration of obligated and non-obligated entities with the Registry;

Comments received

6.16 Centre for Study of Science, Technology and Policy (CSTEP) sought clarification regarding which authority—Administrator or Registry—would be responsible for registering entities under the Carbon Credit Trading Scheme.

6.17 Grid India suggested that the registration of Power Exchanges may be included in the Detailed Procedures.

Analysis and Decision

6.18 BEE, being the Administrator, will formulate a detailed procedure for the Registration of obligated and non-obligated entities with the Registry, and the Registry will register the entities as per the defined procedure. However, registration of Power Exchanges will be in accordance with the CERC Power Market Regulations. Hence, no change is made in the said clause.

Commission's Proposal 6(2)(b)

6.19 The Commission had proposed the following in Regulation 6(2)(b) of the Draft Regulations:

Provide assistance to the Commission in the matters involving transaction of CCCs on Power Exchanges;

Comments received

6.20 New Age Markets in Electricity (NAME) proposed OTC platforms to play a vital role in monitoring and accounting CCC trades in the bilateral market through APIs.

Analysis and Decision

6.21 Commission has framed these regulations within the broad contours of the Energy Conservation Act, CCTS Rules and Scheme. Accordingly, the Commission has modified the clause as under:

“provide assistance to the Commission in the matters involving the transaction of CCCs on Power Exchanges or such other mode as may be permitted pursuant to the CCTS; ”

Commission’s Proposal 6(2)(g)

6.22 The Commission proposed the following in Regulation 6(2)(g) of the Draft Regulations:

intimate the Registry regarding the expiry of CCCs from the accounts of the concerned Obligated Entity;

Comments received

6.23 U.S.-India Business Council, Tata Power, and BP India proposed that the term “Obligated Entity” be replaced with “Obligated and Non-Obligated Entity” throughout the regulations to reflect the dual structure of the compliance and offset markets.

6.24 India Power Corporation Limited proposed allowing the banking of CCCs for a defined period to enhance market flexibility, similar to the EU ETS system.

Analysis and Decision

6.25 The Commission has noted the suggestion and decides that certificates of obligated and non-obligated entities should be intimated to the Registry under the Indian Carbon Market.

6.26 The Commission has provided for banking of the CCCs in the CCTS regulation.

6.27 In view of the above submissions, the Commission has made the following modification in the Clause as under:

“intimate the Registry regarding the expiry of CCCs from the accounts of the concerned Obligated Entity and Non-Obligated Entities; and”

Commission’s Proposal 6(2)(h)

6.28 The Commission had proposed the following in Regulation 6(2)(h) of the Draft Regulations:

coordinate with the Power Exchanges and Registry for a smooth interface for the exchange of CCCs;

Comments received

- 6.29 New Age Markets in Electricity (NAME) and Sustainable Projects Developers Association (SPDA) recommended coordinating with Power Exchanges, traders, and the Registry to ensure smooth CCC exchanges.
- 6.30 IIT Kanpur emphasised the importance of clear scope and frequency for market information dissemination, with an API-based system for transparency
- 6.31 SPDA proposed a formal dispute resolution protocol between entities in case of conflicting transaction data and procedural disagreements

Analysis and Decision

- 6.32 The Bureau may develop the ICM Portal in consultation with GRID India, which will help facilitate the dissemination of information and the smooth transaction of CCCs.
- 6.33 The Commission has framed these regulations within the broad contours of the Energy Conservation Act, CCTS Rules and Scheme. Accordingly, the Commission decides as follows:

“coordinate with the Power Exchanges or such other entity as directed by the Commission and Registry for a smooth interface for the exchange of CCCs; and”

Other comments received for Regulation 6:

- 6.34 Arkajyoti Bhattacharjee and India Power Corporation Limited recommended incorporating a clear MRV (Measurement, Reporting, and Verification) framework with third-party validation to align with international standards such as the EU ETS.
- 6.35 Green Infra Corporate Solar Ltd suggested that BEE recommend to MoEFCC to grant host country approval to grid-connected RE approved by UNFCCC for transition from CDM to Article 6. Hence, RE credits are to be permitted for sale in domestic and international offset markets.

Analysis and Decision

6.36 The Commission is of the view that these suggestions are beyond the scope of the present regulatory exercise.

7. VALUE AND VALIDITY OF CARBON CERTIFICATES (Regulation 7)

Commission's Proposal

7.1 The Commission had proposed the following in Regulation 7(1) & (2) of the Draft Regulations:

(1) The value of the carbon credit certificate shall be as specified in subparagraph 1(c) of Section 2 of the Carbon Credit Trading Scheme, 2023, as amended from time to time.

(2) The validity of the carbon credit certificate shall be as specified in the Detailed Procedure for Compliance Mechanism for certificates issued under the Compliance Mechanism and in the Detailed Procedure for Offset Mechanism for certificates issued under the Offset Mechanism, developed under Section 12 of the Carbon Credit Trading Scheme, 2023, as amended from time to time.

Comments received

7.2 Centre for Study of Science, Technology and Policy (CSTEP), Grid Controller of India, and India Power Corporation Limited suggested specifying a validity period for CCCs, in the Detailed Procedure of compliance mechanism and offset mechanism, referencing the 25-year validity model used for Renewable Energy Certificates (RECs).

7.3 NTPC Limited recommended that CCCs under the Offset Mechanism need not expire, similar to voluntary carbon credits, and called for clear guidelines on validity under the Compliance Mechanism. They suggested that it can be traded multiple times until they are used / re-traded, as RECs are also valid until redeemed.

7.4 Maharashtra State Electricity Distribution Company Limited stated that the Detailed Procedure for the compliance mechanism developed under Section 12 of CCTS is not specified. In the case of RECs, a short validity period distorts the market; hence, there is a need to specify the CCC validity period.

- 7.5 India Power Corporation Limited proposed a dynamic adjustment mechanism for certificate validity, enabling flexibility based on market trends and environmental objectives.

Analysis and Decision

- 7.6 The details with respect to the validity of CCCs will be specified by BEE in the Detailed Procedure or Guidelines.
- 7.7 Regarding the validity of CCCs, it is perpetual. However, it can be traded only once in a lifetime.
- 7.8 Hence, no change is made in the said clause.

8. CATEGORY OF CERTIFICATES (Regulation 8)

Commission's Proposal

- 8.1 The Commission proposed the following in Regulation 8(1) of the Draft Regulations:

CCCs shall be categorized by the Bureau for the obligated and the non-obligated entities.

Comments received

- 8.2 Arkajyoti Bhattacharjee and India Power Corporation Limited, referring to categorising CCCs for obligated and non-obligated entities, recommended implementing safeguards to prevent double-counting of emission reductions across different mechanisms and markets, citing CBAM as a reference.
- 8.3 UltraTech Cement and Grid Controller of India advocated for categorising CCCs based on their originating mechanism, Compliance or Offset, rather than by the type of entity, noting that non-obligated entities may participate in both.
- 8.4 Green Infra proposed a sub-categorisation of CCCs based on the cost of carbon abatement and 'additionality', using a tiered system (e.g., AAA, AA, A), i.e. Carbon Credits (AAA), ESCerts (AA), RECs(A), in accordance with the cost of carbon abatement

Analysis and Decision

- 8.5 The Commission has noted the suggestions and is of the view that the categorisation of CCCs shall be governed as per the CCTS Scheme.
- 8.6 BEE may include safeguards for double-counting in the Detailed Procedure.
- 8.7 Regarding the suggestion of sub-categorisation of CCCs using a tiered system, the Carbon Credit Trading Scheme currently does not have any provision to merge the existing certificates, such as ESCerts and RECs, with CCCs. Hence, the Commission makes no change to the said clause.

Commission's Proposal 8(2)

- 8.8 The Commission had proposed the following in Regulation 8(2) of the Draft Regulations:

The Commission may, on an application made in this behalf, permit the Power Exchange(s) to introduce such category of CCCs in accordance with the Power Market Regulations.

Comments received

- 8.9 Grid India proposed that the Commission may permit Power Exchanges to introduce market products for each category of CCCs as per the CERC Power Market Regulations.
- 8.10 Maharashtra State Electricity Distribution Company Limited (MSEDCL) and IIT Kanpur opposed the idea of splitting the market between obligated and non-obligated entities, arguing it would reduce liquidity, increase costs, and hinder international trading.
- 8.11 U.S.-India Business Council recommended introducing “technology credits” as a distinct CCC category for projects using emission-reducing technologies such as carbon capture or direct air capture.

Analysis and Decision

- 8.12 The Commission notes that the abatement cost is significantly higher for entities subject to the compliance mechanism than for those that invested voluntarily in the offset mechanism. Therefore, a separate market will enable the obligated entity to obtain a better return by selling the CCCs under the compliance market. The CCTS scheme currently lacks a provision for merging ESCerts and RECs with CCCs.

- 8.13 Further, sectors and methodologies considered under the offset mechanism will distinguish the credits based on their project attributes.
- 8.14 In view of the above submissions, the Commission has modified the Clause as under:

“The Commission may, on an application made in this behalf, permit the introduction of such category of CCCs in accordance with the Power Market Regulations”

9. DEALING IN THE CERTIFICATES (Regulation 9)

Commission’s Proposal 9(1)

- 9.1 The Commission had proposed the following in Regulation 9(1) of the Draft Regulations:

(i) Unless otherwise specifically permitted by the Commission by order, the CCCs shall be dealt with only through the Power Exchange and not in any other manner.

Comments received

- 9.2 Hygenco Green Energies Private Limited, PHD Chamber of Commerce and Industry, NTPC Limited, and Apraava Energy Private Limited have proposed a single market for obligated and non-obligated entities to avoid price disparities and regulatory burden, or automated crossovers if markets remain separate.
- 9.3 PHD Chamber of Commerce and Industry, Apraava Energy Pvt Ltd and India Power Ltd suggested allowing CCCs to be dealt with both Power Exchange and bilateral transactions, so as to increase the liquidity and innovations through electricity trade.
- 9.4 UltraTech Cement Limited proposed allowing CCCs through bilateral or OTC transactions alongside Power Exchange trading to enhance flexibility and transparency. This would also help meet the obligations for different companies within the same group.
- 9.5 Grid Controller of India suggested that CCCs issued to obligated/ non-obligated entities can be traded on any Power Exchange according to the relevant rules.

- 9.6 NTPC Limited recommended allowing bilateral transactions in the Offset Market for non-obligated entities, in line with prevailing practices in domestic and international markets.
- 9.7 Hindalco Industries Limited proposed allowing the transfer of CCCs within the same legal entity (between units of the same company) to avoid price risk and transaction costs.
- 9.8 Apraava Energy Private Limited suggested that non-obligated entities, like RE companies, be allowed to continue executing sales of carbon credits outside the Power Exchange, as they have done historically.
- 9.9 New Age Markets in Electricity (NAME) stated that CCC trading should not be restricted to Power Exchanges and advocated for a more competitive market by allowing electricity traders. It also stated that there should be transparency and monitoring measures.
- 9.10 IIT Kanpur sought clarity on the term “dealt with” in Regulation 9(1) to avoid ambiguity and suggested replacing it with “trading.”
- 9.11 UltraTech Cement Limited proposed different transaction frequencies for Compliance and Offset Markets, based on volume and demand.
- 9.12 IEX requested alignment of Regulation 9(1) with the Carbon Credit Trading Scheme 2023 to clarify the mode of CCC trading through Power Exchanges and suggested adopting a uniform price discovery mechanism across Power Exchanges to ensure consistency in pricing for CCCs.
- 9.13 Arkajyoti Bhattacharjee opined that limiting CCC trading to Power Exchanges might stifle liquidity and innovation. In contrast, the EU ETS allows a secondary market for improved price discovery and hence suggests considering permitting the secondary market and OTC under strict oversight

Analysis and Decision

- 9.14 CCCs issued under the offset mechanism will be traded in the offset market, and regarding meeting the obligation of different companies, they will have to comply with the requirements as per the Detailed Procedure of the respective markets. Under the compliance mechanism, each entity must comply independently in each compliance year.

9.15 In view of the above submissions, the Commission propose to modify in the Clause as under:

“Unless otherwise specifically permitted by the Commission by order pursuant to CCTS, the CCCs shall be dealt with only through the Power Exchange and not in any other manner.”

Commission’s Proposal 9(2)

9.16 The Commission had proposed the following in Regulation 9(2) of the Draft Regulations:

There shall be two separate market segments in the Power Exchanges for dealing in CCCs, namely, Compliance Market for the obligated entities and Offset Market for the non-obligated entities.

Comments received

9.17 NTPC sought a provision to allow offset market transfer of obligations within a company established at multiple locations among any company, falling under the common control of a promoter.

9.18 Power Exchange India Limited suggested evaluating the viability of a single combined market for CCCs to improve liquidity, reduce price volatility, and enhance market efficiency.

9.19 Ultratech Cement suggested that compliance and offset markets may have different frequencies depending on volumes and demand.

9.20 NTPC Limited and Torrent Power Limited, suggested allowing offsets (voluntary credits) in the Compliance Market, similar to ETS schemes in other countries, for up to 5-10% of compliance requirements. They also proposed permitting the interchangeability of CCCs between obligated and non-obligated entities if the entity’s status changes over time and recommended allowing off-market transfers of obligations within a company or between companies under common control.

9.21 Hygenco Green Eergies Pvt Ltd stated that the creation of separate markets will promote unfairness for international entities by way of separate prices, which will result in less competitive market price discovery and lead to the regulation of two markets that have the same objective. Hence, it was suggested that a single market be created for both entities. In case a separate market is to be created, one should

facilitate overlap with the automotive crossover to settle the submitted bid by offering a bigger pool for settlement

- 9.22 Arkajyoti Bhattacharjee sought clarity on the rules of cross-market transactions and price controls to address volatility.
- 9.23 New Age Markets in Electricity (NAME) and Sustainable Projects Developers Association (SPDA) supported two separate market segments for CCCs (Compliance Market for obligated entities and Offset Market for non-obligated entities) under the draft regulations.
- 9.24 Torrent Power Limited, Sustainable Projects Developers Association (SPDA), NTPC Limited opposed two separate CCC markets, fearing it would hinder market growth and create price disparities, and sought clarification on whether CCCs can be traded across markets.
- 9.25 Sustainable Projects Developers Association (SPDA) requested a mechanism to track cross-market trading and its impacts on market stability and compliance objectives, which may be considered.
- 9.26 PTC India welcomed separating compliance and offset markets. It is suggested to allow market participants with regulated flexibility to switch between markets, based on the need to increase trade volume and market depth
- 9.27 OPG Power Generation Pvt Ltd sought clarification on whether a CCC purchased by an obligated entity can be resold on any of the Power Exchanges.
- 9.28 UltraTech Cement Limited suggested allowing offset certificates to meet compliance shortfall targets to reduce costs for obligated entities.
- 9.29 India Power Corporation Limited agreed to the segregation but stressed the need for stringent rules and the need for bilateral transactions. They also sought rules for cross-market transactions
- 9.30 Dr Anoop Singh, IIT Kanpur, stated that categorisation into obligated and non-obligated entities will be determined for the development of CCC in the country, and it will reduce liquidity. It will reduce demand for NOE and raise compliance costs for OE due to the limited supply of CCCs.

Analysis and Decision

- 9.31 Under the compliance mechanism, each entity has to comply independently.

9.32 The Commission has modified the Clause as under:

“There shall be two separate market segments for dealing in CCCs, namely, the Compliance Market for the Obligated entities and the Offset Market for the non-obligated entities.”

Commission’s Proposal 9 (3)

9.33 The Commission had proposed the following in Regulation 9(3) of the Draft Regulations:

The CCCs issued to obligated or non-obligated entities by the Bureau on the approval of the Central Government and credited in the CCC Registry may be placed for dealing in any of the Power Exchanges by the CCCs holder, and such CCCs shall be available for dealing in accordance with the Rules, Business Rules and Bye-Laws of the Power Exchanges.

Comments received

9.34 Prayas (Energy Group), Power Exchange India Limited and U.S.-India Business Council suggested removing the phrase “to obligated or non-obligated entities” from sub-regulation 9(3) to clarify that re-selling of CCCs is allowed.

9.35 Shell India Markets Private Limited sought clarification on CCC trading on power exchanges, including the handling of VCM credits and whether non-obligated environmental projects can register and sell offset-CCCs or trade with Verra/ GS registry.

9.36 Centre for Science, Technology, and Policy (CSTEP) sought clarification on eligibility criteria for CCC holders and whether they need to be Registered Entities under the Energy Conservation Act, 2001.

9.37 Grid Controller of India stated that CCCs issued to OE and NOE by BEE, post approval of the Central Government, can be credited to the CCC Registry only after fees are paid in the said account with respect to the Rules, Bye-Rules of the Power Exchanges.

9.38 Grid India proposed modifying the clause to specify the periodicity of CCC transactions through Power Exchanges for all registered entities.

- 9.39 Power Exchange India Limited proposed allowing the re-trading of CCCs to reduce inventory buildup and mitigate price volatility, while maintaining checks to avoid hoarding.
- 9.40 U.S.-India Business Council, BP India sought clarification on whether only CCCs issued by BEE can be traded and whether bilateral OTC transactions are allowed.
- 9.41 Arkajyoti Bhattacharjee advocated for permitting secondary markets or OTC transactions to improve liquidity and price discovery in CCC trading.
- 9.42 Tata Power requested clarification on how carbon credits from voluntary standards (e.g., GCC, Verra, GS) will be handled in the CCTS regulation and whether offsets issued under these standards will be considered verified.
- 9.43 BP India sought clarification on whether only CCCs issued by BEE can be traded and whether CCCs can be transacted bilaterally outside Power Exchanges.
- 9.44 India Power Corporation Limited supported separating markets but called for strict rules for cross-market transactions and the inclusion of bilateral transactions for market depth.
- 9.45 UltraTech Cement Limited recommended allowing PAT Cycle E-Certificates to be converted to CCCs to reduce compliance costs for obligated entities.

Analysis and Decision

- 9.46 The Scheme does not require entities to register their projects with external registries such as Verra or Gold Standard. Voluntary registration with such external systems remains entirely at the discretion of the investing entity. Currently, CCCs issued in the ICM are under CERC's purview. There is no provision for reselling credits under the compliance mechanism.
- 9.47 The Commission agrees that transactions with regard to the issuance of CCCs to the Registry should be allowed only on payment of fees.
- 9.48 Regarding the clarification on eligibility criteria for CCC holders, the CCC holder needs to be a Registered Entity as defined under section 2(qa) of the Energy Conservation Act, 2001.
- 9.49 Regarding the suggestion of modifying the clause to specify the periodicity of CCC transactions, the required clause has been suitably amended.

9.50 The Commission has modified the Clause as under:

“The CCCs issued to the obligated or the non-obligated entities by the Bureau on the approval of the Central Government and credited in the CCC Registry upon payment of stipulated fees may be placed for dealing in any of the Power Exchanges or in any other or mode permitted pursuant to the CCTS and such CCCs shall be available for dealing in accordance with the Rules, Business Rules and Bye-Laws of the relevant entities, as the case may be.”

Commission’s Proposal 9(4)

9.51 The Commission had proposed the following in Regulation 9(4) of the Draft Regulations:

The frequency of transaction of CCCs through the Power Exchanges shall be on a monthly basis or in such periodicity for all registered entities as per the procedure approved by the Commission.

Comments received

9.52 Grid Controller of India, NTPC Limited, Torrent Power Limited and Apraava Energy Private Limited recommended modifying the clause to clarify that CCCs issued and credited in the Registry can be traded on any Power Exchange in line with the relevant rules. NTPC and Torrent Power suggested that CCC transactions on the exchanges should be allowed daily, similar to practices followed by exchanges dealing in voluntary/ offset credits.

9.53 Apraava Energy Private Limited suggested modifying the frequency of CCC transactions to weekly or as agreed between parties, to improve transaction speed and market volume.

9.54 Torrent Power Limited proposed allowing daily trading of CCCs instead of once a month to improve price discovery in the market.

9.55 Prayas (Energy Group) recommended defining aspects of CCC transactions, such as demand-supply matching, settlement, payments, and dispute resolution.

Analysis and Decision

- 9.56 The Commission is of the view that the Regulation already mentions - 'in such periodicity for all registered entities as per the procedure approved by the Commission'
- 9.57 The suggested details will be provided in the business rules to be developed by the Power Exchanges or the permitted entities under this regulation.
- 9.58 In view of the above submissions, the Commission has modified the clause as under:
- “The frequency of transactions of CCCs shall be on a monthly basis or in such periodicity for all registered entities as per the procedure approved by the Commission.”*

Commission’s Proposal 9(5)

- 9.59 The Commission had proposed the following in Regulation 9(5) of the Draft Regulations:
- All CCCs shall be dealt with at Power Exchanges as per the provisions of the EC Act, 2001, the EP Act 1986, CCTS 2023, and these Regulations, as amended from time to time.*

Analysis and Decision

- 9.60 In view of various suggestions put forth by stakeholders (as elaborated earlier), the Commission has modified the Clause as under:
- “All CCCs shall be dealt with as per the provisions of the EC Act, 2001, the EP Act 1986, CCTS 2023, and these Regulations, as amended from time to time.”*

Commission’s Proposal 9(6)

- 9.61 The Commission had proposed the following in Regulation (6):
- Power Exchanges shall obtain prior approval of the Commission on the Rules, Business Rules and Bye laws including the eligibility criteria, CCCs price discovery mechanism and process of interaction between the Power Exchange and Registry, which inter alia shall include the following ...”*

Comments received

- 9.62 IEX stated that the Commission may adopt uniform price discovery while approving contracts across power exchanges, which will help market development.

Analysis and Decision

- 9.63 CCCs will have a price discovery method under the Compliance mechanism, while the offset mechanism will have a mutually agreed price.
- 9.64 The Commission has modified the clause as under:

“Power Exchanges or the permitted entities shall obtain prior approval of the Commission on the Rules, Business Rules and Bye laws, including the eligibility criteria, CCC's price discovery mechanism and process of interaction between the Power Exchange or any other permitted entity and Registry, which inter alia shall include the following ...”

Commission’s Proposal 9(6)(i)

- 9.65 The Commission had proposed the following in Regulation 9(6)(i) of the Draft Regulations:

All the obligated and the non-obligated entities who intend to participate in the dealing of CCCs on Power Exchange shall register themselves with the Power Exchange and...”

Comments received

- 9.66 NTPC Limited, New Age Markets in Electricity (NAME) proposed reviewing mandatory registration requirements for obligated and non-obligated entities, while maintaining registration for carbon market participants to deepen the domestic market.
- 9.67 New Age Markets In Electricity (NAME) recommended mandatory registration with the CCC Registry for all entities participating in CCC trading, both obligated and non-obligated.

Analysis and Decision

9.68 The obligated and non-obligated entities have to register themselves with the Registry for transactions through the power exchange.

9.69 The Registry will maintain a secure database with all security protocols for the registration process for all obligated and non-obligated entities.

9.70 In view of the above, the Commission has modified the Clause as under:

“All the obligated and the non-obligated entities that intend to participate in the dealing of CCCs on Power Exchange or the permitted entity shall register themselves with the Power Exchange or the permitted entity, and...”

Commission’s Proposal 9(6)(ii)

9.71 The Commission had proposed the following in Regulation 9(6)(ii) of the Draft Regulations:

The CCCs issued to the obligated or the non-obligated entity may be placed for dealing in any of the Power Exchanges as the CCCs holder may consider appropriate. Such CCCs shall be available for dealing in accordance with the Rules, Business Rules, and Bye-Laws of such power Exchange(s).

Comments received

9.72 Grid Controller of India highlighted a discrepancy between the draft regulations and the CCTS regarding who determines the fees for registered entities, suggesting alignment with the Bureau's role and suggesting that a clause for crediting the fee to the Registry be added for more clarity as per the Rules, Bye Laws and Bye Rules of the Power Exchanges.

Analysis and Decision

9.73 The CCTS 2023 empowers the Bureau to determine fees or charges for meeting the cost and expense towards the implementation of the overall scheme, while the regulation specifically pertains to the expenses incurred for the purpose of meeting the cost and expense towards the management of the Registry and software platform.

9.74 The Commission has modified the clause as under:

“The CCCs issued and credited in the registry upon payment of stipulated fees, to the obligated or the non-obligated entity, may be placed for dealing in any of the Power Exchanges or the permitted entity as the CCC holder may consider

appropriate. Such CCCs shall be available for dealing in accordance with the Rules, Business Rules, and Bye-Laws of such Power Exchange(s) or the permitted entity.”

Commission’s Proposal 9(7)

9.75 The Commission had proposed the following in Regulation 9(7) of the Draft Regulations:

In any bidding session, an obligated or non-obligated entity shall not place sale bids in excess of total CCCs held in its Registry Account.

Comments received

9.76 Apraava Energy Private Limited recommended incorporating an algorithm in the bidding software to automatically limit bids based on CCCs held in a participant's registry account, which will help OE and NOE in case of any inadvertent error while placing any bid.

Analysis and Decision

9.77 The details of an algorithm/ software for automatically limiting bids will be defined in the Business Rules for Power Exchanges/ permitted entities. Hence, the Commission does not make any changes to the said Regulation.

Commission’s Proposal 9(8)

9.78 The Commission had proposed the following in Regulation 9(8) of the Draft Regulations:

The Registry shall cross-check the cumulative sale bids placed on all the Power Exchanges with the availability of CCCs in respective Registry account(s). In case a breach of this sub-regulation is noticed the Registry shall intimate the Power Exchanges to treat such obligated or non-obligated entity as a defaulter, and any bid submitted by such entity shall not be considered by the Power Exchange for the purpose of price discovery. The bids submitted by such bidders shall become void and ineffective if the total sale bids submitted by such entity on all the Power Exchanges are more than the available CCCs in their Registry account.

Comments received

- 9.79 PTC India Limited suggested allowing flexibility for market participants to switch between Compliance and Offset Markets and advocated for increased transaction frequency. They also proposed a graded penalty system for defaulting entities.

Analysis and Decision

- 9.80 Trading of CCCs will be in two separate markets, viz. Compliance and offset markets, and the CCCs can be traded on Power Exchanges or any other permitted platform.

- 9.81 The Commission modifies the Clause as under:

“The Registry shall cross-check the cumulative sale bids placed on all the Power Exchanges or the permitted entity with the availability of CCCs in the respective Registry account(s). In case a breach of this sub-regulation is noticed the Registry shall intimate the Power Exchanges or the permitted entity to treat such obligated or non-obligated entity as a defaulter, and any bid submitted by such entity shall not be considered by the Power Exchange or the permitted entity for the purpose of price discovery. The bids submitted by such bidders shall become void and ineffective if the total sale bids submitted by such entity on all the Power Exchanges or the permitted entity are more than the available CCCs in their Registry account.”

Commission’s Proposal 9(9)

- 9.82 The Commission had proposed the following in Regulation 9(9) of the Draft Regulations:

The Obligated or non-obligated entities with more than three cases of default specified in sub-regulation 9(h) in a quarter shall be barred from dealing with CCCs for the next six months, notwithstanding any penalty due to be imposed as per the provisions of the Energy Conservation Act, 2001. The list of such defaulting entities shall be published by the Registry on a monthly basis.

Comments received

- 9.83 Apraava Energy Private Limited, Prayas (Energy Group), Grid India, U.S.-India Business Council, BP India and NTPC Limited pointed out a typographical error in Regulation 9(9), suggesting a correction from 9(h) to 9(8) for clarity.
- 9.84 NTPC Limited pointed out the lack of a sub-regulation 9(h) and requested its inclusion for clarity on penalties for defaulting entities.
- 9.85 Sustainable Projects Developers Association (SPDA) proposed penalties should be proportional to the severity of default flexibility for repeated minor breaches (e.g., a grace period or warning for 1st offense).

Analysis and Decision

- 9.86 The Commission has noted the suggestions of the stakeholders regarding the typographical error.
- 9.87 The Commission is of the view that the penalty will be applicable as per the provisions of the Energy Conservation Act, 2001.
- 9.88 In view of the above submissions, the Commission has modified the Clause as under:

“The Obligated or non-obligated entities with more than three cases of default specified in sub-regulation 9(8) in a quarter shall be barred from dealing with CCCs for the next six months, notwithstanding any penalty due to be imposed as per the provisions of the Energy Conservation Act, 2001. The list of such defaulting entities shall be published by the Registry on a monthly basis.”

Commission’s Proposal 9(10)

- 9.89 The Commission had proposed the following in Regulation 9(10) of the Draft Regulations:

The Power Exchanges, shall-

- i. send reports for the executed transactions, financial obligation, and all other relevant reports to the respective entities;*
- ii. report to the Registry, after every dealing session, details of the CCCs transacted by the eligible entities. On successful transaction on Power Exchange, the Registry Accounts of the eligible entities shall be updated whereby the sellers’ accounts shall be debited, and the buyers’ accounts shall be credited.*

Comments received

- 9.90 CSTEP suggested defining or replacing “eligible entities” in the Draft Regulations for clarity, as it is not defined or used elsewhere.
- 9.91 Grid Controller of India proposed adding a new clause requiring the Power Exchange to submit monthly transaction details to the Commission, administrator, and registry and suggested publishing reports on platforms for transparency and expanding the regulation to include CERC-regulated digital platforms, including OTC platforms.
- 9.92 IIT Kanpur suggested including a timeline for reporting compliance and Power Exchanges to submit reports within a set period after closing the trading session.

Analysis and Decision

- 9.93 The Commission agrees to the suggestion of defining or replacing “eligible entities” in the Draft Regulations by 'registered entities' as defined under the EC Act for the CCTS
- 9.94 The Commission is of the view that the approved power exchanges will have the said obligation by default under the CERC Power Market Regulations. Thus, there is no need to specify separately.
- 9.95 The suggested details of a timeline for reporting compliance will be provided in the Business Rules of the Power Exchanges.
- 9.96 The Commission has modified the Clause as under:

“The Power Exchanges or the permitted entity shall

- i. send reports for the executed transactions, financial obligation, and all other relevant reports to the respective entities;*
- ii. report to the Registry, after every dealing session, details of the CCCs transacted by the eligible entities. On a successful transaction on Power Exchange or the permitted entity, the Registry Accounts of the eligible entities shall be updated, whereby the sellers' accounts shall be debited, and the buyers' accounts shall be credited.”*

10. BANKING AND EXTINGUISHMENT (Regulation 10)

Commission's Proposal

- 10.1 The Commission had proposed the following in Regulation 10 of the Draft Regulations:

The Banking and Extinguishment of CCCs shall be as specified in the Detailed Procedure for Compliance Mechanism and Offset Mechanism of the CCTS 2023, as amended from time to time.

Comments received

- 10.2 Arkajyoti Bhattacharjee sought banking of unused CCCs for a specified duration to enhance flexibility in the market.
- 10.3 UltraTech Cement Limited suggested allowing CCCs to be utilised internally within a company across units to manage compliance shortfalls before being traded. They argued that banking provision should not apply to offset credits, as these are not part of the compliance obligation and require no carryover mechanism, since bilateral transactions will ensure available certificates are used first for the company's own use before the sale mechanism. Also, banking is a market stability provision under the compliance mechanism, not applicable to the offset mechanism
- 10.4 Prayas Energy Group suggested that banking be limited to a compliance mechanism.
- 10.5 Tata Power suggested considering including details of existing /surrendered CCCs under the offset mechanism

Analysis and Decision

- 10.6 The Commission is of the view that under the compliance mechanism, each obligated entity is considered as an independent entity and has to comply individually in the respective compliance year as specified in the detailed procedure for compliance and offset mechanism.
- 10.7 Regarding the suggestion of applying banking provisions to offset credits, the Commission agrees that banking is limited to the compliance mechanism only, which will be governed by CCTS 2023.

10.8 In view of the above submissions, the Commission has modified the Clause as under:

“The Banking and Surrender of CCCs shall be as specified in the Detailed Procedure for Compliance Mechanism and Offset Mechanism of the CCTS 2023, as amended from time to time.”

11. PRICING OF CERTIFICATES (Regulation 11)

Commission’s Proposal 11(1) & 11(2)

11.1 The Commission had proposed the following in Regulation 11(1), 11(2) of the Draft Regulations:

(1) The denomination of one CCC shall be as per clause 2(1) (c) of the CCTS Scheme 2023, which shall be equal to a reduction or removal or avoidance of greenhouse gas emissions achieved and shall be equivalent to one ton of carbon dioxide equivalent (tCO₂e).

(2) The market price of CCC shall be as discovered through the process of bidding at the respective Power Exchange.

Comments received

11.2 Grid Controller of India suggested amending pricing mechanisms if bilateral transactions without auctions are allowed, and highlighted the role of OTC market platforms for the carbon market.

11.3 Hindalco Industries Ltd stated that prices of CCCs may be fixed for a period / could be determined through a methodology, as in the case of ESCerts.

11.4 IIT Kanpur recommended specifying closed bid auctions for price discovery to avoid non-competitive trades and ensure fairness.

11.5 New Age Markets in Electricity (NAME) suggested letting market forces decide pricing after an initial phase of using floor and forbearance prices.

Analysis and Decision

11.6 The Commission is of the view that the price discovery under the offset mechanism will be as approved by the Commission.

11.7 The Commission also decides that market prices as discovered on the Power Exchanges and any other permitted entity as per the CCTS Scheme will be approved.

11.8 Hence, Regulation 11(1) and Regulation 11(2) has modified as under

1) The denomination of one CCC shall be as per clause 2(1) (c) of the CCTS Scheme 2023, which shall be equal to a reduction, removal or avoidance of greenhouse gas emissions achieved and shall be equivalent to one ton of carbon dioxide equivalent (tCO₂e).

2) The market price of CCC shall be as discovered at the respective Power Exchange or the permitted entity through the process, as approved by the Commission.

Commission's Proposal 11(3)

11.9 The Commission had proposed the following in Regulation 11(3) of the Draft Regulations:

The CCCs shall be exchanged within the floor and forbearance price, which shall be as approved by the Commission on a proposal to be submitted by the Bureau.

Comments received

11.10 PXIL has stated that all over the world, power exchanges run on auctions by pooling resources and demand to discover prices. Operating with floor and forbearance prices will result in inefficient pricing of CCCs and hamper future investment in mitigating climate change risk. They also suggested price discovery through demand-supply matching on power exchanges.

11.11 BP India suggested introducing clear rules for price determination, ensuring floor prices are high enough to influence investment, and implementing a price stabilisation mechanism like the Carbon Market Stability Reserve.

11.12 India Power Corporation suggested defining a periodic review for floor price adjustment and introducing a stabilisation reserve to address market volatility.

- 11.13 Green Infra Corporate Solar Ltd proposed the creation of a carbon stability reserve to address price volatility, drawing parallels to the UK ETS.
- 11.14 PTC India Ltd suggested having stakeholder approaches to determine floor and forbearance prices.
- 11.15 Sustainable Projects Developers Association (SPDA) raised a query regarding the trading of CCCs issued under the offset mechanism, noting that different project types may carry varying price values and sought clarity on how such CCCs would be traded in a manner that reflects their unique price differentials.
- 11.16 NTPC proposed reviewing the pricing for offset credits due to technological price discrepancies and adjusting floor/forbearance prices based on market dynamics.
- 11.17 MSEDCL suggested specifying procedures for the floor and forbearance price and seeking comments from stakeholders. It also opined that the price of CCTS should be between the floor and the forbearance, and oversight of CERC is not required
- 11.18 New Age Markets in Electricity (NAME) suggested that CCCs should be discovered on the Power Exchange as mutually agreed between eligible entities and traders
- 11.19 NTPC suggested reviewing forbearance prices for offset credits due to price discrepancies and adjusting them according to market dynamics, and also recommended that entities already registered for Renewable Energy Certificates should not be charged again for registry in CCTS.

Analysis and Decision

- 11.20 The Bureau, as the Administrator of the scheme, will develop the Market Stability Mechanism under the CCTS, 2023.
- 11.21 The basis for determining the floor and forbearance price will be proposed and submitted by the Bureau to the Commission.
- 11.22 The floor and forbearance prices are limited to the compliance mechanism only.
- 11.23 In view of the above submissions, the Commission has modified the Clause as under:

“The CCCs shall be exchanged within the floor and forbearance price under the Compliance mechanism, which shall be as approved by the Commission on a proposal to be submitted by the Bureau.”

Commission’s Proposal 11(4)

11.24 The Commission proposed the following in Regulation 11(4) of the Draft Regulations:

The Commission may by order give such directions to the Power Exchange(s) or the Registry as may be considered necessary, on being satisfied that any of the following circumstances exist or are likely to occur:

- (a) Abnormal increase or decrease in prices of CCCs;*
- (b) Sudden volatility in the prices of CCCs; and*
- (c) Sudden high or low dealing of CCCs on a Power Exchange*

Comments received

11.25 OPG Power Generation Pvt Ltd requested clarification on potential volume limits for registered entities in the pricing regulation.

Analysis and Decision

11.26 Regarding the query on potential volume limits, it is clarified that the entire quantum of carbon credits available in the respective entity's Registry account can be traded. The Commission has modified the clause only to incorporate change consequential to clause 3 of the final regulations, as under:

“The Commission may, by order, give such directions to the Power Exchange(s) or the permitted entity or the Registry as may be considered necessary, on being satisfied that any of the following circumstances exist or are likely to occur:

- (a) Abnormal increase or decrease in prices of CCCs;*
- (b) Sudden volatility in the prices of CCCs; and*
- (c) Sudden high or low dealing of CCCs on a Power Exchange or the permitted entity.”*

12. FEES AND CHARGES (Regulation 12)

Commission's Proposal

- 12.1 The Commission had proposed the following in Regulation 12 of the Draft Regulations:

The Commission, in consultation with the Bureau, may from time to time determine, by order, the fees and charges payable by the obligated and the Non-obligated entities to the Registry for the purpose of meeting the cost and expense towards the management of the Registry and software platform.

Comments received

- 12.2 Grid Controller of India pointed out a discrepancy between the CCTS, 2023 and the draft regulations regarding the determination of fees and charges, which should align.
- 12.3 Green Infra Corporate Solar Limited proposed nominal or project-based fees to support the growth of the nascent carbon market, with possible waivers for smaller projects.
- 12.4 PTC India Limited recommended including a preliminary fee structure in the draft to help participants estimate financial implications.
- 12.5 Maharashtra State Electricity Distribution Company Limited (MSEDCL) sought clarification on the basis for calculating and imposing charges.

Analysis and Decision

- 12.6 The fees determined under the CCTS 2023 are for the purpose of meeting the cost and expense towards the implementation of this Scheme. However, the fees determined by the Commission are intended to cover the costs and expenses of managing the Registry and the software platform.
- 12.7 Regarding the suggestion of reviewing forbearance prices, it is addressed in clause 11 of the regulation.
- 12.8 The Commission is of the view that CCTS is a different and independent scheme and has no direct linkage with RECs, and hence, the fee will continue to be applicable as proposed.

- 12.9 The fees and charges will be calculated considering the present and estimated expenses towards the management of the Registry and software platform, and based on the proposal from the Bureau. In view of the above submissions, the Commission propose to modify in the Clause as under:

“The Commission, in consultation with the Bureau, may from time to time determine, by order, the fees and charges payable by the obligated and the Non- obligated entities to the Registry for the purpose of meeting the costs and expenses towards the management of the Registry and the software platform.”

13. MARKET OVERSIGHT (Regulation 13)

Commission’s Proposal

- 13.1 The Commission had proposed the following in Regulation 13 of the Draft Regulations:

The Commission, assisted by the Bureau, shall exercise market oversight over CCCs on Power Exchanges in accordance with the Power Market Regulations.

Comments received

- 13.2 Prayas (Energy Group), Apraava Energy Private Limited, recommended that monthly market monitoring reports be published to ensure transparency and build credibility in the CCC market.
- 13.3 PTC India Ltd suggested mandating the publication of historical price trades and transaction volumes. It also suggested engaging an external entity to publish data and analysis
- 13.4 India Power Corporation Limited, Sustainable Projects Developers Association (SPDA) called for enhanced oversight provisions, including regular audits, transparent data disclosure, and strict penalties for market manipulation or regulatory non-compliance.
- 13.5 Apraava Energy Private Limited suggested publishing monthly reports on CCC trading activity, akin to those used in electricity markets, to improve transparency and build trust among market participants.

- 13.6 PTC India Limited proposed setting up real-time monitoring systems capable of flagging anomalies such as abnormal price spikes or irregular trading volumes.
- 13.7 Sustainable Projects Developers Association (SPDA) recommended periodic third-party audits of market operations to ensure compliance with regulations and protect market integrity.
- 13.8 Tata Power suggested issuing monthly trade reports to increase transparency and link the CCC trading platform to the global carbon market.

Analysis and Decision

- 13.9 The monthly market monitoring reports will be published by the respective exchanges or the permitted entities under the Business rules defined and approved by the Commission.
- 13.10 Regarding the suggestion of real-time monitoring systems, this will be addressed in Business Rules for Power exchanges/ permitted entities. The Commission has modified the clause only to incorporate changes consequential to clause 3 of the final regulations, as under:

“The Commission, assisted by the Bureau, shall exercise market oversight over CCCs on Power Exchanges or the permitted entity in accordance with the Power Market Regulations.”

OTHER COMMENTS

- 13.11 Ambaselkar Associates LLP: Recommends inclusion of BEE-certified auditors, mandatory training, transparent emission methods, auditing, and data-sharing platforms for carbon credits.
- 13.12 Sapan Thapar, Associate Prof, TERI raised concerns about potential market imperfections with different price bands for obligated vs non-obligated entities; enquired if the existing schemes (PAT/REC/RPO) will be subsumed under CCTS and asked for the timeline and procedure. He also enquired whether Indian carbon credits can be traded internationally and integrated with global voluntary markets, such as I-REC.
- 13.13 Shanti Prasad, Ex Chairman, Rajasthan Electricity Regulatory Commission, suggests creating a separate category for electricity-related CCCs and facilitating conversion between CCC and REC for RPO compliance;

proposed to harmonise the registration of REC and CCC with a common identification number; recommended allowing banking of unused CCCs to increase market flexibility; suggested harmonising with global mechanisms like CBAM to avoid trade disputes; advocated for capacity-building programs for stakeholders to understand the CCC framework.

13.14 Ultratech Cement commented that the Offset certificates should be allowed a compliance shortfall target because OE may not have the option for compliance except to purchase the compliance certificates, which is not the intent of the law. CCCs and ESCerts should be fungible so as to help OE reduce compliance costs. Proposed to harmonise the registration of REC and CCC with a common identification number and recommend allowing banking to use unused CCCs to increase market flexibility. Suggested harmonising with global mechanisms such as CBAM to avoid trade disputes.

13.15 Arkajyoti Bhattacharjee advocated building for stakeholders to understand the CCC framework and recommends using blockchain technology for transparent tracking of CCC transactions

13.16 Dr Alejandro Hernandez, RAP, suggested financial penalties be based on the social cost of carbon emissions; suggested carbon credits be made tradable between obligated and non-obligated entities without affecting total available credits.

13.17 India Power Corporation Limited recommended harmonising CCTS with CBAM to prevent trade disputes and integrate with international markets; recommended using blockchain technology for transparent, secure tracking of CCC transactions.

13.18 Shell India Market Pvt Ltd enquired if non-obligated entities can engage in carbon trading and speculative activities.

13.19 Compliance Kart (P) Ltd recommended introducing voluntary carbon credit exchanges alongside power exchanges. Suggested a hybrid market system allowing participation in both compliance and voluntary markets, with clear differentiation between the two.

13.20 TOWMCL requested a waiver on registration fees and a seamless transition for TOWMCL and JUIL CDM projects due to low market performance.

- 13.21 CSTEP suggested recognising accrediting entities before registration, especially non-obligated entities, which are not currently included in the draft regulations.
- 13.22 The US Chamber of Commerce suggested benchmarking project verification and carbon credit issuance to global best practices like Verra and Gold Standard.
- 13.23 Power Exchange of India Ltd proposed creating a working group with stakeholders to formulate market rules for carbon credit certificates.
- 13.24 NTPC sought clarity on the resale/trading of CCCs, dispute resolution mechanisms, adjustment of floor and forbearance prices to reflect market dynamics and carbon reduction and definitions for obligated/non-obligated entities.
- 13.25 Rajesh Mahalingam recommended allowing fungibility between REC, ESCerts, and CCC to avoid double taxation and ensure better utilisation.
- 13.26 PTC India Ltd suggested integrating CCCs with RECs to create a unified marketplace, simplifying compliance and expanding market appeal.
- 13.27 GNA Energy recommended engaging other regulating entities, such as OTC platforms alongside exchanges, to raise awareness and help integrate small and medium-sized entities into the carbon market.
- 13.28 IIT Bombay suggested capping CCC banking as the number of CCCs can be banked and CERC to monitor CCCs banking trades, implementing CERC oversight, and validity restrictions to prevent speculative hoarding and price inflation.
- 13.29 Dr Anoop Singh, IIT Kanpur, suggested that CCCs should be tradable only once, similar to RECs, to prevent re-trading.
- 13.30 Torrent Power Limited sought clarity on the process of issuing Carbon Credits to non-obligated entities.
- 13.31 HPX recommended granting non-profitable organisations the right to act as market stabilisers and the right to purchase and stabilise the carbon market to improve liquidity.
- 13.32 BP India highlighted the absence of penalties for non-compliance in the CCTS and stressed the need for a binding penalty system and monitoring

for false claims, and also enquired how CERC will ensure market liquidity while addressing volatility.

13.33 Sustainable Projects Developers Association (SPDA) requested clarification regarding the delivery time of the CCCs once the transaction is done.

Analysis and Decision

13.34 The Commission has noted the suggestions and is of the view that the issues raised have been clarified earlier or are beyond the scope of the present regulatory dispensation.

Sd/-	Sd/-	Sd/-	Sd/-
Ravinder Singh Dhillon	Harish Dudani	Ramesh Babu. V	Jishnu Barua
Member	Member	Member	Chairperson

Annexure-I

List of the Stakeholders who gave comments on the Draft CERC (Terms and Conditions for Purchase and Sale of Carbon Credit Certificates) Regulations, 2026.

S. No.	Name
1	Ambaselkar Associates LLP
2	Apraava Energy Private Limited
3	Arkajyoti Bhattacharjee
4	BP India
5	Center for Study of Science, Technology and Policy (CSTEP)
6	CER - IIT Kanpur
7	Compliance Kart (P) Ltd.
8	GNA Energy Private Limited
9	Green Infra Corporate Solar Limited
10	Grid Controller of India Limited
11	Grid Integration Lab (GIL), IIT Bombay
12	Hindalco Industries Limited
13	Hindustan Power Exchange Limited
14	Hygenco Green Energies Pvt. Ltd
15	India Power Corporation Limited
16	Indian Energy Exchange
17	MSEDCL
18	New Age Markets in Electricity (NAME)
19	NTPC Limited
20	OPG Power Generation Pvt Ltd.
21	PHD Chamber of Commerce and Industry
22	Power Exchange India Limited

23	Prayas (Energy Group)
24	PTC India Limited
25	Regulatory Assistance Project (RAP)
26	Shanti Prasad, Ex-Chairman, RERC
27	Shell India Markets Pvt Ltd
28	Sustainable Projects Developers Association (SPDA)
29	Tata Power
30	TERI School of Advanced Studies
31	Timarpur-Okhla Waste Management Company Limited
32	Torrent Power
33	U.S.-India Business Council GPL
34	UltraTech Cement Limited
35	Welspun New Energy Private Limited (WNEPL)
36	World Bank

List of the Stakeholders who attended the Public Hearing on 18-06-2025

<u>S. No.</u>	<u>Name / Organization</u>
1	Amith Chandrappa
2	Power Exchange India Limited
3	The Tata Power Company Limited
4	Mega Suryaurja Pvt. Ltd.
5	Sustainable Energy Infra Trust
6	Momai Dey
7	Gentari Renewables India Management Private Ltd
8	GRID Controller of India Limited
9	CESC Limited, Kolkata
10	Jindal Power Limited
11	New Age Markets in Electricity
12	National Bank for Financing Infrastructure and Development
13	Torrent Power Limited
14	Statkraft India Private Limited
15	Manikaran Power Limited
16	Zelestra Energy
17	Reliance Industries Limited
18	Harikrishnan G R

Annexure III

List of participants who made oral submissions during the public hearing on 18.6.2025.

Sl no.	Name
1.	PXIL
2.	Tata Power
3.	New Age Electricity Markets in India