CENTRAL ELECTRICITY REGULATORY COMMISSION

New Delhi

No RA-14026(13)/1/2024-CERC Dated:27.02.2026

NOTIFICATION

No RA-14026(13)/1/2024-CERC. In exercise of powers conferred under sub-section(1) and clause (y) of sub-section (2) of section 178 read with Section 66 of the Electricity Act, 2003 (36 of 2003), Carbon Credit Trading Scheme, 2023 notified by the Ministry of Power, Government of India vide S.O. 2825(E) dated the 28th June 2023 and S.O. 5369(E) dated 19th December 2023 as amended from time to time, for the development of market in carbon for exchange of Carbon Credit Certificates and all other powers enabling it in this behalf, the Central Electricity Regulatory Commission hereby makes the following regulations,

1. Short title, commencement and extent of application -

(1) These regulations may be called the Central Electricity Regulatory Commission (Terms and Conditions for Purchase and Sale of Carbon Credit Certificates) Regulations, 2026.

(2) These regulations shall come into force from the date of their publication in the Official Gazette.

2. Definitions -

(1) In these regulations, unless the context otherwise requires,

a) "**Act**" means the Electricity Act, 2003(36 of 2003);

b) "**Administrator"** means the Bureau of Energy Efficiency;

c) **'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;

d) "**Bureau**" means the Bureau of Energy Efficiency, a statutory body established by the Government of India, under sub-section (1) of Section 3 of the Energy Conservation Act, 2001 (52 of 2001);

e) "**Carbon Credit Certificate (CCC)**" shall have the same meaning as assigned to it in clause (d) of Section 2 of the Carbon Credit Trading Scheme, 2023, as amended from time to time;

f) "**Carbon Credit Trading Scheme (CCTS)**" means the Carbon Credit Trading Scheme, 2023, as issued by the Ministry of Power in the gazette dated 28.6.2023, as amended from time to time;

g) **"Commission"** means the Central Electricity Regulatory Commission (CERC) referred to in sub-section (1) of Section 76 of the Electricity Act, 2003;

h) **"Compliance Mechanism"** shall have the same meaning as assigned to it in clause (g) of Section 2 of the Carbon Credit Trading Scheme, 2023, as amended from time to time;

i) **'Compliance Year'** shall have the same meaning as assigned to it under the Detailed Procedure for Compliance Mechanism under CCTS, as amended from time to time;

j) "**EC Act**" means the Energy Conservation Act, 2001(52 of 2001);

k) **"EP Act"** means the Environment Protection Act 1986(29 of 1986);

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

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

n) **‘Market'** means a platform where buyers and sellers buy or sell CCCs;

o) **“National Steering Committee”** means the Committee constituted by the Central Government for the Indian Carbon Market and assigned with such functions as given in Section 4 of the Carbon Credit Trading Scheme, 2023, as amended from time to time;

p) “**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;

q) “**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;

r) “**Offset mechanism**” shall have the same meaning as assigned to it in clause (la) of Section 2 of the Carbon Credit Trading Scheme, 2023;

s) **“Power Exchange”** means the power exchange as defined in the CERC (Power Market) Regulations, 2021, issued by the Commission and includes the amendments and re-enactments thereof.

t) **“Power Market Regulations”** means the Central Electricity Regulatory Commission (Power Market) Regulations, 2021, as amended from time to time;

u) **“Registered entity**” shall have the same meaning as assigned to it in clause (qa) of Section 2 of the EC Act;

v) **“Registry”** means the agency designated by the Government of

India in the Ministry of Power to perform such functions as defined in these regulations with respect to Carbon Credit Trading Scheme, 2023, as amended from time to time;

(2) Save as aforesaid and unless repugnant to the context of the subject matter otherwise requires, words and expressions used in these regulations and not defined, but defined in the Act or the EC Act or Carbon Credit Trading Scheme, 2023 or any other regulations of this Commission or any other rules issued by the Government of India shall have the meaning assigned to them respectively in the Act, or the EC Act or such other rules or regulations issued thereunder.

3. Objective

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

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 -

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.

6. Functions of Administrator -

(1) For the purpose of dealing with CCCs issued under the EC Act, the Bureau shall act as the Administrator

(2) Subject to the provisions of these regulations, the Bureau shall -

a) 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:

i. 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;

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

iii. Dealing, transfer, and other residual matters in relation to CCCs.

b) 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;

c) disseminate relevant market information to all stakeholders;

d) monitor to ensure that the exchange of CCCs takes place in a transparent manner and report instances of non-compliance with these Regulations to the Commission;

e) provide relevant information regarding Obligated Entities and Non-Obligated Entities to the Registry;

f) adhere to all compliance under the EP Act and EC Act pertaining to CCCs.

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

h) 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

i) discharge such other functions as may be assigned under these Regulations.

7. Value and Validity of Carbon Credit Certificate –

(1) The value of the carbon credit certificate shall be as specified in sub-paragraph 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.

8. Category of Certificates -

(1) CCCs shall be categorised by the Bureau for the obligated and the non-obligated entities.

(2) 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 -

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

(2) 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.

(3) 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.

(4) 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.

(5) 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.

(6) 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, CCCs' 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 -

i. 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

ii. 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.

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

(8) 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.

(9) 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.

(10) 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 Surrender of CCCs

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 Certificate -

(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 (tCO_2e).

(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.

(3) 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.

(4) 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 -

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 -

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.

14. Power to Relax -

The Commission may, by general or special order, for reasons to be recorded in writing, and after giving an opportunity of hearing to the parties likely to be affected by the grant of relaxation, relax any of the provisions of these regulations on its own motion or on an application made before it by any affected party.

15. Power to issue directions -

If any difficulty arises in giving effect to these Regulations, the Commission may, on its own motion or on an application filed by any affected party, issue such directions as may be considered necessary in furtherance of the objective and purpose of the Regulations.

Sd/-
(Harpreet Singh Pruthi)
Secretary