
LEGAL CHALLENGES IN RENEWABLE ENERGY CONTRACTS IN INDIA

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ABSTRACT

The renewable energy industry in India has rapidly grown as one of the most important foundations of the nation's environmental and economic policy. As the number and amount of investments in solar, wind, hybrid and storage-based energy projects have increased, so has the need for assured performance in the power sector through written agreements. In order for renewable energy projects to be developed successfully, the following agreements must be executed: Power Purchase Agreements (PPAs), Engineering Procurement and Construction (EPC) contracts, land-lease contracts, financing agreements, and transmission contracts. However, despite the government setting ambitious national policy objectives, renewable energy developers continue to experience a lot of legal and regulatory issues, including tariff renegotiation, force majeure disputes, change-in-law claims, late payments by Distribution companies (DISCOMs), land acquisition disputes, interruptions to renewable energy, and uncertainty surrounding the development of new technologies such as green hydrogen and battery storage systems. This article will analyze India's legal framework concerning renewable energy agreements as placed under applicable laws, also including the Electricity Act 2003, the Indian Contract Act of 1872, and the regulatory frameworks set by the Centre for Electricity Regulatory Commission (CERC), and by each State Electricity Regulatory Commission (SERC). This article will also examine important judicial precedents issued by the Supreme Court of India, and APTEL, with respect to interpretation and enforcement of agreements. The author of this paper contends that there are still several barriers to confidence in India's renewable energy market even though contract law and protection for investors are predominant themes in Indian law. The author then recommends simplification of power purchase agreements (PPAs), developing more robust payment protections, implementing better methods for resolving disputes, and establishing a comprehensive set of regulations to promote the long-term viability of renewable energy investments within the Indian economy.

Keywords: Renewable Energy, Power Purchase Agreement, Force Majeure, Change in Law, CERC, APTEL, Electricity Act 2003, DISCOMs, Curtailment.

I. INTRODUCTION

In the past decade, there has been massive growth in India's renewable energy sector. With the target of ending up with 500 Gigawatts of installed non-fossil fuel-based capacity by 2030 reaffirmed by India's Updated Nationally Determined Contributions submitted in accordance with the Paris Agreement¹ - India has one of the fastest-growing and largest renewable energy markets worldwide. As of FY 2024-2025, India has installed approximately 210 GW of renewable energy, with solar photovoltaic being the largest and fastest-growing part of the renewable energy category².

India's rapid growth in renewable energy relies on the same contractual infrastructure as the policies that have framed it. Power purchase agreements (PPAs) serve as the primary mechanism for obtaining, financing and operating renewable energy capacity. The ability of a PPA to provide certainty of bankable revenue for developers over the lifespan of a project (20 to 25 years) is key for obtaining financing for a project and lenders' willingness to fund the associated debt of a project. Legal uncertainty with respect to enforcing obligations under a PPA will, therefore, result in increased cost of financing and reduced investor confidence throughout the renewable energy sector.

The laws that regulate renewable energy transactions in India consist of multiple levels. The Electricity Act of 2003³ provides the main statutory basis for electrical power production, distribution and trading throughout India's electricity sector; and the acts provide regulatory powers to the CERC and SERCs. The Indian Contract Act from 1872⁴ governs the creation, fulfilling and ending of contracts for renewable energy by acting as the general statute for contracts in India. All arbitrations relating to renewable energy contracts will be regulated by the Arbitration and Conciliation Act 1996⁵.

Even with this legal foundation, there are continuing and major contractual issues into the renewable energy sector in India. Financially distressed DISCOMs have renegotiated PPAs with renewable energy generators since lower bidding costs have made existing PPAs

¹ Electricity Act, No. 36 of 2003 (India).

² Government of India, India's Updated Nationally Determined Contribution (Ministry of Env't, Forest & Climate Change 2022).

³ Ministry of New and Renewable Energy, Annual Report 2024–25 (Gov't of India 2025).

⁴ Indian Contract Act, No. 9 of 1872 (India).

⁵ Arbitration and Conciliation Act, No. 26 of 1996 (India).

commercially unsound. Renewable energy generators have relied on force majeure clauses due to the impact of COVID-19. Due to import duties imposed on solar equipment by various state governments, many renewable energy projects have had their project economics affected, leading to change-in-law disputes. Additionally, many project developers are facing additional legal challenges, including curtailment of renewable production even though they have a right to full production according to the statutory must-run provision, delays due to the land acquisition process, and bottlenecks in the environmental clearance process.

This piece of research looks at several obstacles in a systematic manner. Part II will focus on the legal framework for on-grid renewables, Part III will deal with force majeure as such relates to contractual risks, Part IV will look at change-of-law related disputes and appropriate governmental action, Part V will address land acquisition, delays in payment by DISCOMs (Distributing Companies) and enforcement, Part VI will examine emerging issues including green hydrogen and storage batteries, Part VII will make recommendations for reform, and Part VIII will conclude.

A. Statutory and Regulatory Framework

CERC has jurisdiction over inter-state electricity, which includes regulating tariffs for generators and resolving disputes between utilities regarding inter-state transmission; SERCs share the same authority at the state level and are required under District 86(1)(e) of the Electricity Act⁶ to establish renewable purchase obligations that will be used to determine what percentage of electricity usage by an individual customer is created by renewable sources. The National Electricity Policy, 2005 and the Tariff Policy, 2016,⁷ are two significant policy statements that provide guidance to regulators in the establishment of tariffs and procurement for renewable energy sources.

The Green Energy Open Access Rules in 2022⁸ have brought about a key system change. Consumers with a connected load of 100kW or more can now purchase renewable energy directly from generators without having to go through their DISCOM, thereby liberalizing the process and creating new types of contracts to procure renewable energy outside the traditional power purchase agreement (PPA) framework. These include direct contracts between

⁶ Electricity Act, No. 36 of 2003, § 86(1)(e) (India).

⁷ National Electricity Policy, Ministry of Power (2005) (India).

⁸ Green Energy Open Access Rules, 2022 (India); Electricity (Promotion of Renewable Energy, Energy Storage and Green Energy Open Access) Rules, 2022 (India).

commercial or industrial entities and renewable energy project developers, resulting in new issues regarding jurisdictional regulation and the need for standardizing the contracts.

B. Principal Contractual Instruments

The Power Purchase Agreement (PPA) is essential to financing and operating renewable energy projects. In competitive bid procurements for renewable energy, tariffs are established under a reverse auction process through the CERC's Bidding Guidelines⁹, and these tariffs remain fixed for the duration of the PPA (25 years for solar, 20-25 years for wind). PPAs also include the following major legal clauses and provisions: the tariff and payment provisions, the contracted capacity and availability obligations, the scheduled commercial operation date, force majeure provisions, change in law provisions, payment security mechanisms, curtailment and deemed generation entitlements, termination events and step-in rights, and dispute resolution provisions.

EPC contracts provide the framework for the design, procurement, and construction of renewable energy projects and generally provide for a fixed price, lump-sum contract with performance guarantees expressed as the minimum plant load factor and performance ratio benchmarks. Operation and Maintenance (O&M) agreements define the requirements for the ongoing operation and maintenance of the completed project after commissioning, and generally includes warranty for the availability of the plant as well as guaranty or warranty regarding degradation rates for solar facilities. Finally, land lease agreements will have the same duration as the duration of the PPA, so they will be long-run leases, additionally, the land lease agreements must be registered under the provisions of the Registration Act, 1908¹⁰, and may be subject to the risk of title defects, encumbrances and state-level reclassifications. Grid access and long-term open access to the transmission grid are governed by transmission and interconnection agreements (T/I Agreements). As a consequence of the long periods it takes to obtain connectivity from T/I Agreements, this is considered a major cause of delays in commissioning projects and resulting PPO disputes.

⁹ CERC, Guidelines for Tariff Based Competitive Bidding Process for Procurement of Power from Grid Connected Solar PV Power Projects (2017)

¹⁰ Registration Act, No. 16 of 1908 (India).

III. FORCE MAJEURE AND CONTRACTUAL RISK ALLOCATION

A. Legal Framework for Force Majeure

The Indian Contract Act, 1872¹¹, does not provide an express force majeure clause. Section 56 of the Indian Contract Act provides for the discharge of a contract due to Supervening Impossibility or Frustration, which has been applied very narrowly by Indian courts, typically requiring physical or practical impossibility of performance rather than simple Commercial Hardship. In contrast, all of the renewable energy PPAs include express force majeure clauses which define Qualifying Events, require Notices, and set forth the consequences of a force majeure event, including the extension of commissioning deadlines and entitlement to deemed generation compensation.

The COVID-19 pandemic has generated a great deal of force majeure litigation. The CERC, in a series of orders issued beginning in June 2020, found that the nationwide "lockdown" ordered by the Central Government beginning March 25, 2020 constituted a force majeure event under the definition provided in the PPAs and granted extensions of the scheduled commissioning dates to affected Developers. The APTEL upheld these decisions, rejecting the DISCOM's argument that disruptions in their supply chains were foreseeable risks that Developers should have factored into their project timelines¹².

B. Limits of Force Majeure: The Energy Watchdog Principle

In the case of *Energy Watchdog v. Central Electricity Regulatory Commission*, (2017) 14 SCC 80¹³, India's Supreme Court set the definitive standard for force majeure and frustration with regard to long-term power purchase agreements (PPAs). The ruling determined that the rapid rise in Indonesian coal export prices which were materially increased the cost of fuel in thermal power plants that are fuelled by imported coal and would not constitute either a force majeure event or a frustrating event under the terms of the PPA, nor under Section 56 of the Contract Act. Further, while the primary facts before the Court dealt with thermal generation, APTEL and CERC have consistently applied the principle of not permitting commercial hardship to excuse a breach of contract, as determined by the Supreme Court, to resolve disputes arising

¹¹ Indian Contract Act, No. 9 of 1872, § 56 (India).

¹² CERC Orders on Force Majeure (June–September 2020); *ReNew Power Pvt. Ltd. v. Rajasthan Rajya Vidyut Prasaran Nigam Ltd.*, APTEL Order in Appeal No. 303 of 2020 (Feb. 11, 2021).

¹³ *Energy Watchdog v. Cent. Electricity Regulatory Comm'n*, (2017) 14 SCC 80 (India).

from and related to PPAs within the renewable sector, constraining both land owners and electric distribution companies (“DISCOMs”) from invoking force majeure principles.

A common area of dispute in the adjudication of renewable energy force majeure cases is whether the inherent variability of renewable resources due to natural circumstances (e.g., below forecasted solar irradiance levels and non-forecasted wind speeds) qualifies for treatment as a force majeure event. APTEL has uniformly determined that it does not¹⁴, reasoning that developers, being commercially sophisticated entities, should have factored the natural variation of weather and climate into their feasibility studies and bidding tariffs. This rational and market-driven approach imposes a financial penalty on developers during years in which atypical weather events occur later than what they had anticipated when they submitted their bids or quotes, creating huge monetary losses, as determined by the weather.

IV. CHANGE-IN-LAW DISPUTES AND REGULATORY DEVELOPMENTS

A. Statutory and Contractual Framework

In India’s renewable energy contracts, one of the most heavily litigated clauses is change-in-law. This is due to the fact that renewable energy projects typically have a large upfront capital expenditure, as well as a long project life. Therefore, projects are vulnerable to legislative changes that may occur after the bid has been submitted (e.g., changes to tax law, increase/decrease in customs duties, introduction of new environmental laws/regulations, changes to the grid code, and changes to transmission fees). The result of a qualifying change-in-law event is usually that the affected party will receive a compensatory adjustment to the tariff that is required to bring the affected project's economic equilibrium back to what it was before the qualifying change in law occurred. The Electricity (Timely Recovery of Costs due to Change in Law) Rules, 2021¹⁵ promulgated a statutory mechanism for pass through of the impacted costs to the procuring DISCOMs.

B. Basic Customs Duty Litigation

The recent imposition of Basic Customs Duty on solar module imports is probably going to become a landmark case for change-in-law disputes based on the fact that the Central

¹⁴ Tamil Nadu Generation & Distribution Corp. v. Green Infra Wind Power Projects Ltd., APTEL Order in Appeal No. 68 of 2019 (Oct. 11, 2019).

¹⁵ Electricity (Timely Recovery of Costs due to Change in Law) Rules, 2021 (India).

Government imposed BCDs of 40% on solar PV modules and 25% on Solar Cells effective April 1st, 2022¹⁶. Developers who had bid for the tariff price without the assumed customs duty case definition, have claimed that the BCD is a change-in-law and therefore they should receive tariff compensation because of the increase in their capital expenditure. The APTEL, in a history-making order, ruled that the BCD met the definition of a change-in-law event under the relevant PPA's (Power Purchase Agreements) between Adani Green Energy Ltd v Solar Energy Corporation of India¹⁷ and provided for compensatory tariff relief. The Central Electricity Regulatory Commission (CERC) then required that the DISCOMs (Distribution Companies) to reimburse the additional costs that were quantified as a result of the imposition of the BCDs.

The Supreme Court expanded on the definitions and opportunities for a party to make a change-in-law claim in GMR Warora Energy Ltd v Central Electricity Regulatory Commission¹⁸ and stated that the change-in-law provisions were to be framed to restore the economic equilibrium of the contract as they existed as of the date of the bid and it would be the party making the claim to provide evidence of the change-in-law and quantify the additional costs of the same. Together, these rulings create a system of law that favors keeping the original contract risk allocation agreement in place rather than allowing the government to change its policy at any time, ultimately providing renewable energy investors with significant protection from new regulations that could cause significant financial harm.

C. Tariff Renegotiation and Contractual Sanctity

Another challenge is the practice by Distribution Company (DISCOMs) of trying to renegotiate or prematurely cancel power purchase agreements (PPAs) only because competitive bids have recently dropped and their long-term contracts are not economically viable anymore. This practice is an opportunistic tariff renegotiation and violates the common law principle of pacta sunt servanda, which creates uncertainty about the enforceability of all renewable energy PPAs. The Supreme Court has stated in "Energy Watchdog" that all PPAs are valid and legally binding commercial contracts and will not allow one of the parties to change the contract

¹⁶ Custom Notification No. 01/2022-Customs (Ministry of Finance, Gov't of India, Mar. 29, 2022).

¹⁷ Adani Green Energy Ltd. v. Solar Energy Corp. of India, APTEL Order in Appeal No. 211 of 2022 (Jan. 25, 2023).

¹⁸ GMR Warora Energy Ltd. v. Cent. Electricity Regulatory Comm'n, Civil Appeal No. 6703 of 2018 (S. Ct. India Feb. 14, 2023).

unilaterally based on market conditions or price changes.

V. LAND ACQUISITION, DISCOM PAYMENT DELAYS, AND ENFORCEMENT CHALLENGES

A. Land Acquisition and Environmental Clearances

Land is one of the most complicated legally and practically contested resources for developing large-scale renewable energy. The Land Acquisition, Rehabilitation and Resettlement Act (LARR) Act of 2013¹⁹ provides a framework for the acquisition of private land for public purposes through compulsory acquisition, the majority of renewables developers choose to acquire land via negotiation/purchase or lease to avoid the lengthy, expensive compulsory acquisition process and the social impact obligations associated with the compulsory acquisition process. Private agreements have their own set of risks including: title defects, the existence of competing claims by co-tenants, and being subject to re-specification at the State level of classification of agricultural or forest lands.

Projects located near or on forest land require consent of the Gram Sabha under the Forest Rights Act 2006²⁰, prior to diverting from forest land. This has resulted in a substantial delay to wind farm development in states of Maharashtra, Madhya Pradesh and Rajasthan. Environmental impact assessments are required for solar parks greater than 500 MW and wind projects greater than 25 MW as per the EIA Notification 2006²¹. The ability to receive judicial review of EIA clearances for both renewable energy facilities at the National Green Tribunal creates another layer of uncertainty for timelines for implementation of renewable energy projects.

B. DISCOM Payment Delays and Curtailment

Renewable energy generators face an ongoing and systemic risk due to delayed payments from Indian electricity distribution companies (DISCOMs). The total financial losses that Indian DISCOMs face add up to several lakh crore rupees. This is caused by a variety of factors such as unviable retail tariffs, as well as technical, distribution, and transmission losses, as well as government mandated financial support for farmers. Due to having multiple ways to ensure

¹⁹ Land Acquisition, Rehabilitation and Resettlement Act, No. 30 of 2013 (India).

²⁰ Forest Rights Act, No. 2 of 2006, § 5 (India).

²¹ EIA Notification, S.O. 1533(E) (Ministry of Env't, Forest & Climate Change 2006) (India).

prompt payment such as the late payment service charge provisions and letters of credit, generators continue to experience significant irregularities in payment to them leading to inadequate working capital and higher costs of financing. The Supreme Court made clear in *Maharashtra State Electricity Distribution Co. Ltd. v. Adani Power Maharashtra Ltd.*²² that the DISCOMs are not able to refuse to make payment of charges related to PPAs during any force majeure events, and they are not able to unilaterally vary the tariff rates set forth in a PPA.

The recent insolvency and bankruptcy act adds more to already complex legal issues when a DISCOM is placed in insolvency court. When a DISCOM is put in insolvency court the suspension of all enforcement of actions for the duration of the moratorium under section 14 of the IBC²³ would impact the ability of companies to enforce their PPAs before CERC during the period of the moratorium. The interplay of the moratorium under the IBC and CERC's regulatory authority over PPA disputes has yet to be fully resolved, and this has serious implications for the renewable energy sector. Curtailment of renewable resources (i.e. requiring solar and wind generators to lower their output) represents an additional regulatory compliance challenge because curtailments can be for compensable or non-compensable reasons or both. APTEL has made a jurisprudential distinction between curtailment (i.e. by the Load Dispatch Centre for verified grid security concerns) that is non-compensable, versus commercial backing-down by DISCOMs for economic convenience, which typically triggers deemed generation compensation under the PPA. While this distinction is theoretically sound, it is often challenging to enforce in practice as both DISCOMs and grid operators frequently provide a justification for commercial curtailment as being for grid-security related reasons.

C. Dispute Resolution Landscape

There are numerous different forums in which renewable energy disputes can be resolved. Many of these have overlapping jurisdictions (i.e. the ability to adjudicate the same type of issue). For example, a dispute about interpretation of a tariff, would fall under the jurisdiction of the CERC as well as the SERC. If one of the parties to the dispute (for example, a renewable energy generator) chooses to appeal a decision of either the CERC or SERC, an appeal can be made to the APTEL. Appeals can then further be made to the Supreme Court, but only on questions of law. A party may also choose to resolve their differences using arbitration rather

²² *Maharashtra State Electricity Distribution Co. Ltd. v. Adani Power Maharashtra Ltd.*, SCC OnLine SC (2023) (India).

²³ Insolvency and Bankruptcy Code, No. 31 of 2016, § 14 (India).

than through the courts. However, in the case of *Gujarat Urja Vikas Nigam Ltd v. Essar Power Ltd*²⁴, the Supreme Court held that although commercial contracts could be arbitrated, regulatory functions performed pursuant to law cannot be excluded from CERC by way of an arbitration agreement. This bifurcated dispute resolution system creates a procedural complexity that increases the backload of renewable energy disputes within all of the different forums.

VI. EMERGING ISSUES IN RENEWABLE ENERGY CONTRACTS

A. Green Hydrogen

The National Green Hydrogen Mission²⁵ was initiative launched in early 2023 with an aim to produce five million tons per year of green hydrogen and have established 125GW of dedicated renewable energy capacity by 2030. New contractual arrangements will develop from this green hydrogen production will fall into a new category where they are both derivatively tied to Renewable Energy Supply Agreements, Electrolyser Technology Contracts, Storage & Transport Agreements, and off-take agreements. Also, unlike electricity, there is no regulation governing green hydrogen production under the Electricity Act and there is no stand-alone legislation governing the production, certification or commercialization of green hydrogen; hence, the lack of clarity regarding regulatory oversight creates significant uncertainty for developers and end off-takers trying to establish bankable green hydrogen projects, especially regarding carbon intensity certification standards that must be referenced in offtake agreements which will be required for commercialization of projects. In addition, the Energy Conservation (Amendment) Act of 2022²⁶ introduced a Carbon Credit Trading Scheme that provides additional revenue opportunity for the renewable energy generators through monetization of carbon credits but, there are still some issues related to the contractual allocation mechanisms to divide carbon credits between renewable energy generators, green hydrogen producers, and end-users, and also with respect to the interaction between the Carbon Credit Trading Scheme and the Article 6 of the Paris Agreement²⁷ as it pertains to international carbon markets create further legal complexities.

²⁴ *Gujarat Urja Vikas Nigam Ltd. v. Essar Power Ltd.*, (2016) 9 SCC 103 (India).

²⁵ Ministry of New and Renewable Energy, National Green Hydrogen Mission (Gov't of India 2023).

²⁶ Energy Conservation (Amendment) Act, No. 42 of 2022 (India).

²⁷ Paris Agreement art. 6, Dec. 12, 2015, T.I.A.S. No. 16-1104.

B. Curtailment and RPO Enforcement

Due to their zero marginal cost and environmental benefits, the Grid Code provides wind and solar generators must-run status. However, with the increase of renewable energy in Indian states, the frequency and number of curtailment events (when energy generated has to be reduced or eliminated) have dramatically increased due to grid inflexibility, transmission congestion, and the unwillingness of DISCOMs to take on more renewable energy. The Electricity (Promotion of Renewable Energy, Energy Storage and Green Energy Open Access) Rules 2022²⁸ set a renewable purchase obligation (RPO) trajectory for renewable energy sources to make up a total of 43.33% of the energy generated by 2029-30. However, there has been considerable variability in RPO compliance within individual states, and many states have accumulated large amounts of shortfall RPOs without receiving significant regulatory penalties.

C. Tax and Foreign Investment Considerations

Renewable energy project tax compliance includes fulfilling taxes that are both direct and indirect. Qualifying renewable energy projects are eligible for a 100% profit deduction over 10 consecutive assessment years within the first 15 years of commercial operation under the Income-tax Act 1961²⁹; refer to Section 80IA (4)(iv).

The recent imposition of basic customs duty (BCD) on solar energy products has increased the number of customs compliance requirements, making it necessary for developers to carefully contract for and allocate custom duties in EPC agreements as part of their risk management strategy. It is important to note that 100% foreign direct investment (FDI) is automatically available to foreign investors for investment in renewable energy projects, but there are various regulatory compliance requirements associated with Foreign Exchange Management Act (FEMA), 1999³⁰ compliance obligations, including but not limited to: investment reporting, downstream investment requirements, and limitations on accessing external commercial loans.

²⁸ Electricity (Promotion of Renewable Energy, Energy Storage and Green Energy Open Access) Rules, 2022 (India).

²⁹ Income-tax Act, No. 43 of 1961, § 80-IA(4)(iv) (India).

³⁰ Foreign Exchange Management Act, No.42 of 1999, §15

VII. RECOMMENDATIONS FOR REFORM

This paper develops recommendations regarding legislative, regulatory, and commercial reforms of India's renewable energy contract framework based on the analysis presented here. Recommendations are:

1. CERC should require all central sector purchases to use standardized model PPAs, and SERCs should also adopt state-level equivalents in line with the central model. Standardized contracts will reduce transaction-cost based barriers and eliminate the negotiating asymmetry that allows large DISCOMs to impose unfavorable commercial terms on small developers. The present standardized model PPAs for solar and wind projects will serve as a beneficial foundation to build from as well their use should become mandatorily rather than being optional.
2. Payment-security framework in place for renewable energy PPAs must be reformed through immediate legislative action. If a nationally applicable required minimum Letter of Credit existed (which would be backed by guarantees from the state to the developer) or if a centrally-administered Payment Security Fund were established (similar to the Partial Risk Guarantee Fund), it would substantially reduce the investment risks currently faced by long-term institutional investors.
3. Reforms should be made to the renewable energy conflict resolution framework. The current independence of different forms of jurisdiction (regulatory authorities, arbitral tribunals, and courts) produces procedural uncertainty, which leads to increased delays in resolving disputes. Establishing a Renewable Energy Dispute Tribunal with exclusive authority to resolve commercial and regulatory disputes due to contract-related matters involving renewable energy entities would increase the efficiency and certainty with which disputes are resolved.
4. There is an urgent need for an integrated legislative framework for green hydrogen, including an act specifically for projects related to green hydrogen production. These frameworks should provide guidance on the authorization of projects, certification, contract standards for green hydrogen projects, and dispute resolution. In the absence of such a framework, early-stage developers would be exposed to unnecessary risks, which may affect India's ability to meet its green hydrogen production goals.
5. RPO enforcement must improve through the use of a uniform national penalty structure that

applies to the obligated parties equally. The credibility of the RPO as a tool for creating demand for renewable energy depends upon knowing the penalties for failing to comply. Consistent enforcement would eliminate the opportunities for selective enforcement of the penalty structure, providing increased revenue certainty for renewable energy developers.

VIII. CONCLUSION

India's renewable energy contracts are governed by a robust policy framework that is characterized by a myriad of diversified and complex laws. Contracts in the area of renewable energy are legally sophisticated and the ability to enforce and maintain contracts is essential to securing the amount of financing required to meet India's renewable energy targets for 2030. However, as illustrated in paper, structural legal issues (force majeure uncertainty, inappropriate renegotiation of tariffs, curtailment, ambiguity in land acquisition, financial distress of DISCOMs, and uncertainty regarding payments) will continue to create uncertainty in system for investors and inhibit large-scale investment unless there are long-term structural changes.

There has been much good policy response from the courts and regulators to these challenges. Courts have recognized and upheld contractual sanctity as recently specified by the Supreme Court in *Energy Watchdog*³¹, APTEL has used a purposful interpretation of change-in-law provisions, and CERC has developed a force majeure line of case law as a result of the COVID-19 pandemic. This collective body of decisions establishes a coherent, principled and commercially reasonable body of precedent in this sector. However, judicial decision-making cannot replace the legislative clarity and regulatory certainty that is required by the sector. The proposals outlined are: standardized forms of contracts, greater payment security, clearer procedures for dispute resolution, suitable legislative responses for new technologies and consistent enforcement of RPOs. These legal infrastructure investments must occur in parallel with the investment in physical infrastructure if India is to achieve the full potential of its renewable energy ambitions.

India's future energy transition will ultimately depend as much on the strength of its legal institutions and the reliability of its contracting frameworks as it will on the availability of solar and wind resources. Therefore, the priority for the nation must not just be to create renewable

³¹ *Energy Watchdog v. Cent. Electricity Regulatory Comm'n*, (2017) 14 SCC 80 (India).

energy generating capacity, but also to create the legal certainty and regulatory trust necessary to make that capacity viable, financeable as well as sustainable in the long-term.

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