



CASE STUDIES

EINSIGHTS

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CASE STUDY



JUDGEMENT

SECI Vs. WFRPL: Judicial Clarification on Renewable Energy Project Timelines

BACKGROUND

This case involves a dispute between Solar Energy Corporation of India Limited (SECI) and Wind Four Renergy Private Limited (WFRPL) over delays in commissioning a wind power project. WFRPL entered into Power Purchase Agreements to supply wind energy, but delays in the Long-Term Access (LTA) for transmission caused significant setbacks. Although, MNRE granted a 60-day extension, WFRPL sought extension, leading to an appeal to the CERC and subsequently to Appellate Tribunal for Electricity (APTEL). The Honorable Supreme Court ultimately overruled APTEL's decision, emphasizing necessity of adhering to project timelines.

CASE REFERENCE

SUPREME COURT OF INDIA

CIVIL APPEAL NO. 2451 OF 2022

DATED: 27th FEBRUARY 2024

SOLAR ENERGY CORPORATION OF INDIA LIMITED (SECI) (APPELLANT)

Vs.

WIND FOUR RENERGY PRIVATE LIMITED & ORS. (RESPONDENT)

#CASE STUDY

01

What was the case about ?

The Case at Hand

- The case "**Solar Energy Corporation of India Limited (SECI) vs. Wind Four Renergy Private Limited (WFRPL)**" revolved around **delays in the commissioning of a wind power project.**
- WFRPL had entered into five Power Purchase Agreements (PPAs) with Power Trading Company India Limited to supply wind power, with SECI acting as the implementing agency.
- The project faced delays due to **the inter-state transmission system's Long-Term Access (LTA)** not being operationalized on time by Power Grid Corporation of India, which was only completed on 14th April, 2019.

#CASE STUDY

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What was the case about? (CONTD.)

- Due to these delays, the **Ministry of New and Renewable Energy granted an extension for the project's commissioning by 60 days after the LTA became operational.**
- SECI accepted that WFRPL's commissioning date would be extended to **13th June, 2019.**
- However, WFRPL claimed they were not informed of the LTA operationalization until **22nd November, 2019** and sought further extensions.
- The Central Electricity Regulatory Commission (CERC) granted an additional 132-day extension, which SECI accepted, but WFRPL appealed to the Appellate Tribunal for Electricity (APTEL), which decided that the 132-day extension should start from **11th January, 2022.**

#CASE STUDY

01

What was the case about ? (CONTD.)

- SECI Challenged this decision in the Supreme Court, which found APTEL's decision irrational and contrary to the scheme and PPA.

#CASE STUDY

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SUPREME COURT'S ADJUDICATION

- The Hon' Supreme Court found **APTEL's decision irrational**, stating that the period of 132-day extension should not commence from the date of APTEL's judgement.
- The court highlighted that the objective of timelines in renewable energy projects is to ensure the early supply of green energy & reduce carbon footprints.
- The court noted that green energy tariffs have substantially decreased, and adhering to the timelines is crucial.
- The court **reinstated the CERC's order**, confirming validity of the initial 132-day extension as granted by the CERC, starting from when WFRPL became aware of LTA operationalization.

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SUPREME COURT'S ADJUDICATION (CONTD.)

- The court ruled that SECI could recover the refunded amount of **INR 10 Crores** from **WFRPL**, along with simple interest of **12% per annum**.

#CASE STUDY

03

IMPLICATIONS

1. Adherence to Timelines & Project Discipline:

- Enforcement of deadlines: The ruling underscores the importance of adhering to the project timelines. This is crucial for ensuring the timely commissioning of RE project.
- Clarity on extensions: The ruling provides clarities on the conditions under which extensions can be granted, emphasizing that the delays must be justified & rational. This discourages unwarranted delays & promotes efficiencies.

2. Regulatory Certainty:

- Predictability in decision making: The judgement reinforces the role of regulatory bodies like Central Electricity Regulatory Commission in making fair decisions regarding project delays and extensions. This is crucial for investors & developers who seek a stable regulatory environment.
- Judicial oversight: The court's intervention signifies that judicial oversight can correct irrational decisions by other statutory bodies, ensuring that regulatory decisions align with broader policy goals.

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IMPLICATIONS (CONTD.)

3. Financial Implications:

- Cost implications for delays: The ruling allows SECI to recover costs associated with delays, including interest from developer. This financial accountability encourages developers to avoid any delays and complete the projects within stipulated timeline.
- Impact on tariffs: By emphasizing that green energy tariffs have come down substantially, the ruling supports the notion that timely project execution can help maintain or further reduce RE tariffs, benefitting consumers and overall economy.

4. Policy & Legal Framework:

- Strengthening legal precedents: The ruling sets a legal precedent that can be referred in future disputes, helping to streamline the legal framework governing RE projects.
- Policy Reform: The ruling may prompt further policy reforms to address common causes of delays in RE projects, such as issues with transmission infrastructure and regulatory approvals.

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IMPLICATIONS (CONTD.)

The Honorable Supreme Court's decision in this case supports the development of a more disciplined, predictable & investor friendly environment for RE projects in India, which is essential for the country's transition to a sustainable future.

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