

No. 23/26/2022-R&R-I (Part-1)
Government of India
Ministry of Power

Shram Shakti Bhawan, Rafi Marg.
New Delhi, 23rd September, 2025

To,

1. Secretary, MNRE, New Delhi.
2. Secretary, Ministry of MSME, New Delhi.
3. Chairperson, CEA, Sewa Bhawan, R.K. Puram, New Delhi.
4. Secretary, Central Electricity Regulatory Commission (CERC), New Delhi.
5. Principal Secretaries/Secretaries (Power/Energy) of all State Governments/UTs.
6. Secretaries of All State Electricity Regulatory Commissions/JERCs.
7. Chairman/CMDs of all PSUs under administrative control of Ministry of Power.
8. CMD, SECI, New Delhi.
9. CMDs/MDs of Discoms/Gencos of all State Governments.
10. CMD, IEX LTD New Delhi & MD/CEO, PXIL, Mumbai/ HPX New Delhi.
11. DG, Association of Power Producers, New Delhi.
12. President, FICCI, House No. 1, Tansen Marg New Delhi.
13. President, CII, New Delhi.
14. President, PHDCCI, New Delhi.
15. ASSOCHAM, Chanakyapuri, New Delhi.
16. Member, PRAYAS Energy Group, Pune.
17. DG, Electric Power Transmission Association (EPTA), New Delhi.
18. Chairman Indian Wind Power Association, New Delhi.
19. Chairman, Indian Wind Turbine Manufacturers Association, New Delhi.
20. Director General, National Solar Energy Federation of India (NSEFI), New Delhi.
21. DG, Solar Power Developers Association, New Delhi.
22. CEO, PFC Consulting Ltd (PFCCL), New Delhi.
23. Dr. Anoop Singh, Professor, CER (IIT), Kanpur.

Subject: Seeking comments on draft amendments proposed in Rule 3 (i.e Requirements of Captive Generating Plant) of Electricity Rules, 2005 –reg.

Sir/Madam,

I am directed to forward herewith the draft amendments proposed in Rule 3 (i.e. Requirements of Captive Generating Plant) of Electricity Rules, 2005 with request to provide your comments, if any, to this Ministry within 30 days from the date of issue of this letter i.e. by 22nd October, 2025. The comments (in word and pdf format) may also be emailed at rr1-mop@gov.in.

2. This issues with the approval of Competent Authority.

Encl: as above



(Vikash Khichi)

Under Secretary to the Govt. of India
Tel. No. 011- 23718077

Copy for information to:

PS to Hon'ble Minister of Power, APS to Hon'ble MoSP, PPS to Secy(P), PPS to AS(SN), PSO to CE(R&R), Ministry of Power.

Copy to: Technical Director, NIC Cell for uploading on MOP's website under "New Notices" with the heading of "**Seeking comments on draft amendments proposed in Rule 3 (i.e Requirements of Captive Generating Plant) of Electricity Rules, 2005.**"

(DRAFT)

[To be published in the Gazette of India, Extraordinary, Part-II, Section 3, Sub-section (i)]

GOVERNMENT OF INDIA
MINISTRY OF POWER

NOTIFICATION

New Delhi, the September, 2025

G.S.R.(E).— In exercise of the power conferred by sub-section (1), read with clause (z) of sub-section (2), of section 176 of the Electricity Act, 2003 (36 of 2003), the Central Government hereby makes the following rules, namely:—

1. Short title and commencement.—

(1) These rules may be called the Electricity (Second Amendment) Rules, 2025.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Electricity Rules, 2005, for Rule 3, the following shall be substituted, namely:—

“3. Requirements of Captive Generating Plant.—

(1) No power plant shall qualify as a “captive generating plant” under section 9 read with clause (8) of section 2 of the Act unless –

(a) in case of a power plant—

(i) not less than twenty-six per cent of the ownership is held by the captive user(s); and

(ii) not less than fifty-one per cent of the aggregate electricity generated in such plant, determined on an annual basis, is consumed for captive use:

Provided that in case of a power plant set up by a registered co-operative society, the conditions mentioned under paragraphs (i) and (ii) above shall be satisfied collectively by the members of the co-operative society.

Provided further that, in the case of an association of persons, while the conditions under sub-paragraphs (i) and (ii) above shall be satisfied collectively by all captive users, the captive consumption benefit for each such user shall be restricted to a maximum of 110% of their proportionate entitlement, calculated with reference to their share in the ownership of the power plant.

Illustration:

Captive User	Percentage Ownership of Captive User(s) (X)	Actual Consumption (in percentage of total ex-bus generation) (Y)	Captive Consumption Benefit Eligibility upto (in percentage of total ex-bus generation) = $1.1 * (X / X_n) * Y_n$	Remarks
A	15	33	38.5	The entire Actual consumption is eligible for captive benefit.
B	10	28	25.67	Actual Consumption in excess of 25.67% is not eligible for captive benefit.
C	5	9	12.83	The entire Actual consumption is eligible for captive benefit.
Total	$X_n=30$	$Y_n=70$		

(b) in case of a generating station owned by a company formed as special purpose vehicle for such generating station, a unit or units of such generating station identified for captive use and not the entire generating station satisfy(s) the conditions contained in paragraphs (i) and (ii) of sub-clause (a) above including-

Explanation. –

(1) The electricity required to be consumed by captive users shall be determined with reference to such generating unit or units in aggregate identified for captive use and not with reference to generating station as a whole; and

(2) the equity shares to be held by the captive user(s) in the generating station shall not be less than twenty six percent of the proportionate of the equity of the company related to the generating unit or units identified as the captive generating plant.

Illustration.- In a generating station with two units of 50 MW each namely Units A and B, one unit of 50 W namely Unit A may be identified as the Captive Generating Plant. The captive users shall hold not less than thirteen percent of the equity shares in the company (being the twenty six percent proportionate to Unit A of 50 MW) and not less than fifty one percent of the electricity generated in Unit A determined on an annual basis is to be consumed by the captive users.

(2) It shall be the obligation of the captive users to ensure that the consumption by the captive users at the percentages mentioned in sub-clauses (a) and (b) of sub-rule (1) above is maintained and in case the minimum percentage of captive use is not complied with in any year, the entire electricity generated shall be treated as if it is a supply of electricity by a generating company.

Explanation. - (1) For the purpose of this rule,-

(a) “**annual basis**” shall be determined based on a financial year;

(b) “**captive user**” shall mean the end user of the electricity generated in a Captive Generating Plant and the term “captive use” shall be construed

accordingly:

Provided that the consumption of electricity by the captive user may be either directly or through Energy Storage System:

Provided further that the consumption by a subsidiary company as defined in clause (87) of section 2 of the Companies Act, 2013 (18 of 2013) or the holding company as defined in clause (46) of section 2 of the Companies Act, 2013 (18 of 2013), of a company which is a captive user, shall also be admissible as captive consumption by the captive user.

(c) **"Ownership"**, in relation to a generating station or power plant set up by any person, shall mean proprietary interest and control, or equity share capital with voting rights, held either directly or through the holding company, its subsidiaries, or any other subsidiary of the holding company.

(d) **"Special Purpose Vehicle"** shall mean a legal entity owning, operating and maintaining a generating station and with no other business or activity to be engaged in by the legal entity.

- (3) The captive status of such generating plants, where captive generating plant and its captive user(s) are located in more than one state, shall be verified by the Central Electricity Authority as per the procedure issued by the Authority with the approval of the Central Government.

[File No. 23/26/2022-R&R (Part-1)]

(Srikant Nagulapalli)

Additional Secretary to the Govt. of India

Note: The principal rules were published in the Gazette of India, Extraordinary, Part II, Section 3, sub-section (i) vide number G.S.R. 379(E), dated the 08th June, 2005 and were last amended vide number G.S.R. 688(E), dated the 19th September, 2025.