

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 11/SM/2026**

**Coram:**

**Shri Jishnu Barua, Chairperson**

**Shri Ramesh Babu V., Member**

**Shri Harish Dudani, Member**

**Shri Ravinder Singh Dhillon, Member**

**Date of Proposal: 06.05.2026**

**In the matter of:**

**Mechanism for treatment of connectivity granted under the GNA Regulations based on the LoA where the PPA has not been signed within a period of 12 months from the date of issuance of the LoA**

**Draft Order**

The Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2022 (hereinafter referred to as “the Principal Regulations”) were notified on 7th June, 2022, the first amendment, second amendment, and third amendment to the Principal Regulations were notified on 1st April, 2023, on 19th June 2024 and on 31st August 2025, respectively (hereinafter collectively referred to as “GNA Regulations”).

2. GNA Regulations provide for LoA issued by REIA as one of the routes to seek connectivity by REGS. The route was permitted considering that LOAs issued by REIA shall convert into PPA and PSA, thereby bringing certainty to RE generation development. However, it was learnt that for a large quantum of Connectivity, granted on the basis of LoAs issued by different REIAs, the PPA has not been entered into by REIAs with REGS due to the non-signing of the PSA by buyers.

3. A Staff Paper on Proposal for allocation of Connectivity granted (on LoA route) where the signing of the PPA/PSA is getting delayed, was published on the Commission’s website on 25.11.2025 for stakeholders’ comments. The proposals to address the issues were presented in the Staff Paper, and comments were solicited



from stakeholders. Staff Paper proposed the following options for the treatment of Connectivity for such entities:

Option – I: Exit from LoA route without surrendering Connectivity

Option-II: Substitution of the LoA with a PPA signed under another LoA

Option-III – Exit from Connectivity with the bay/ capacity falling vacant to be auctioned

4. 30 Nos. of stakeholders, including generating stations, discoms and associations, have submitted their comments on the above-referred Staff Paper. The comments of the stakeholders have been considered while framing the instant Order. A gist of the comments is enclosed in Annexure-II.

5. The issue under the instant Order pertains to the situation where LoA does not culminate in a PPA and subsequent achievement of COD. Accordingly, we have perused extant regulatory provisions under the GNA Regulations for cases where an entity withdraws its application for any reason, Connectivity revocation in the event that the LOA is terminated or Connectivity is relinquished. The same are quoted as under:

(a) Regulation 3.7 dealing with the withdrawal of Connectivity is quoted as under:

**“3.7. Withdrawal of Application for Connectivity or GNA and treatment of Bank Guarantees :-**

**3.7.1** *If any application for the grant of Connectivity or the grant of GNA is withdrawn before the in-principle grant of Connectivity in terms of Regulation 7 of these regulations or the grant of GNA in terms of Regulation 22 of these regulations, the Nodal Agency shall deal with such cases in the following manner:*

(a) *50% of the application fee shall be forfeited.*

(b) *Balance 50% of the application fee, BG submitted in terms of clause (vii)(c) or clause (xi)(c) or clause (xi-a) of Regulation 5.8 of these regulations, as the case may be, shall be returned by the Nodal Agency to the Applicant within 15 days of withdrawal of the application.*

**3.7.2** *If any application for grant of Connectivity or GNA is withdrawn for partial quantum based on the non-availability of transmission capacity for the full quantum, at the substation at which Connectivity or GNA has been proposed by the Nodal Agency and agreed by the Applicant, before the in-principle grant of Connectivity (in terms of Regulation 7 of these regulations) or before grant of GNA (for entity under Regulation 17.1(iii) of these regulations), such modification shall be carried out in the following manner:*

(a) *BG submitted in terms of clause (vii)(c) or clause (xi)(c) or clause (xi-a) of Regulation 5.8 of these regulations, as the case may be, shall be returned by the Nodal Agency to the Applicant within 15 days of withdrawal of the application for such proportionate quantum which is withdrawn.*



(b) For applicants covered under clause (vii)(b) or clause (xi)(b) of Regulation 5.8 of these regulations, the applicant shall intimate the details of the land documents corresponding to the quantum withdrawn for the purpose of release of such documents.

(c) Such partial withdrawal shall be subject to the condition that the balance capacity meets the minimum capacity in accordance with Regulation 4 or Regulation 17.1 of these regulations, as the case may be.

(a) Withdrawal for full quantum shall be dealt with in terms of Regulation 3.7.1 of these regulations.

**3.7.3** If any application for the grant of Connectivity is withdrawn after the in-principle grant of Connectivity and before the final grant of Connectivity, the Nodal Agency shall deal with such cases in the following manner:

(a) 100% of the application fee shall be forfeited.

(b) 5% of the BG submitted in terms of clause (vii)(c) or clause (xi)(c) or clause (xi-a) of Regulation 5.8 of these regulations, as the case may be, shall be forfeited and the balance 95% of the BG shall be returned to the Applicant within 15 days of withdrawal of the application.

(c) If Conn BG1, and Conn-BG3, as applicable, have been furnished, Conn BG-1 shall be encashed and Conn-BG3 shall be returned to the Applicant within 15 days of withdrawal of the application.

(d) If Conn-BG2 has been furnished and ATS or terminal bay(s) have been awarded for implementation, as on the date of withdrawal, Conn-BG2 shall be encashed. For cases where ATS or terminal bay(s) have not been awarded for implementation, as on the date of withdrawal, Conn-BG2 shall be returned within 15 days of withdrawal of the application.

(e) Application shall be closed within 15 days from the date of withdrawal of the application, with intimation to the Applicant.

**3.7.4** If any application for grant of Connectivity is withdrawn after the final grant of Connectivity but before the signing of the Connectivity Agreement, the Nodal Agency shall deal with such cases in the following manner:

(a) 100% of the application fee shall be forfeited.

(b) 15% of the BG submitted in terms of clause (vii)(c) or clause (xi)(c) or clause (xi-a) of Regulation 5.8 of these regulations, as the case may be, shall be forfeited and the balance 85% of the BG shall be returned to the Applicant within 15 days of withdrawal of the application.

(c) Conn BG1 shall be encashed and Conn-BG3 shall be returned to the Applicant within 15 days of withdrawal of the application.

(d) If Conn-BG2 has been furnished and ATS or terminal bay(s) have been awarded for implementation, as on the date of withdrawal, Conn-BG2 shall be encashed. For such cases where the ATS or terminal bay(s) have not been awarded for implementation, as on the date of withdrawal, Conn-BG2 shall be returned within 15 days of withdrawal of the application.



(e) *Application shall be closed within a period of 15 days from the date of withdrawal with intimation to the Applicant.*

**3.7.5** *Any withdrawal of application, for the grant of Connectivity or GNA, for partial quantum shall only be permitted under clause 3.7.2 and shall not be permitted under clauses 3.7.3 and 3.7.4 of this Regulation.*

**3.7.6** *In case of withdrawal, revocation or relinquishment of Connectivity under clause (vii)(b) or clause (xi)(b) of Regulation 5.8 of these regulations, the land documents submitted for the corresponding quantum shall be released by the Nodal Agency within 15 days of approval of such withdrawal or revocation or relinquishment.*

(b) Regulations 24.1 to 24.3 of the GNA Regulations dealing with relinquishment of Connectivity provide as under:

24.1. *Connectivity grantee may relinquish, in full or in part, the Connectivity with a notice of 30 days to the Nodal Agency. The Nodal Agency shall issue revised grant of Connectivity to such Grantee, in case the Connectivity has been relinquished in part.*

24.2. *For entities covered under Regulation 7.1 and Regulation 7.2 (Augmentation without ATS) and where Conn-BG2 and Conn-BG3, as applicable, has been furnished as per Regulation 8.2 of these regulations, the following shall apply:*

(a) *In case of relinquishment of full quantum of Connectivity, (i) subsisting Conn-BG1 shall be encashed, (ii) subsisting Conn-BG2 shall be encashed if the terminal bay(s) are already developed or construction of which has already been awarded for implementation and (iii) subsisting Conn-BG3 shall be encashed.*

(b) *In case of relinquishment of part quantum of Connectivity, (i) subsisting Conn-BG2 shall be encashed in proportion to the relinquished quantum of Connectivity if the terminal bay(s) are already developed or the construction of which has already been awarded for implementation and (ii) subsisting Conn-BG3 corresponding to the relinquished quantum of Connectivity shall be encashed. Conn-BG1 shall be returned in terms of Regulation 16.1 considering full capacity after excluding such relinquished quantum.*

24.3. *For entities covered under Regulation 7.2 where augmentation with ATS is required, and where Conn-BG2 has been furnished as per Regulation 8.3 of these regulations, the following shall apply:*

(a) *In case of relinquishment of full quantum of Connectivity, subsisting Conn-BG1 shall be encashed and subsisting Conn-BG2 shall be encashed corresponding to the ATS and terminal bay(s), construction of which has already been awarded for implementation.*

(a) *In case of relinquishment of part quantum of Connectivity, subsisting Conn-BG2 shall be encashed in proportion to the relinquished quantum of Connectivity corresponding to the ATS and terminal bay(s), construction of which has already been awarded for implementation. Conn-BG1 shall be returned in terms of Regulation 16.1 considering full capacity after excluding such relinquished quantum.”*

As per the above, in the event of relinquishment of the Connectivity, the



subsisting Conn-BGs are required to be encashed.

(c) Regulation 24.6(1)(a) of the GNA Regulations dealing with revocation of Connectivity for not achieving COD by the stipulated time provides as under:

*“24.6 Revocation of Connectivity*

*(1)*

*(a) Connectivity shall be revoked for the corresponding capacity, if the Connectivity and corresponding GNA has been made effective in terms of Clause (a) of Regulation 22.4 of these regulations and the Connectivity grantee fails to achieve COD either in full or in parts on or before,*

*(i) the scheduled date of commercial operation of the generation project, for cases covered under clause (xi)(a) of the Regulation 5.8, as intimated at the time of making application for grant of Connectivity or as applicable on signing of PPA or as extended or delayed commissioning permitted by the Renewable Energy Implementing Agency or the distribution licensee or the authorized agency on behalf of distribution licensee, as the case may be, whichever is later.*

*.....”*

As per the above, Connectivity is to be revoked if the corresponding GNA has been made effective, but the connectivity grantee fails to achieve CoD on or before the SCOD.

6. After the issuance of the staff paper, MoP vide OM dated 16.04.2026, on the instant matter, suggested as under:

*“2. Based on the detailed deliberations held across various forums, the following may be considered by CERC for making suitable regulatory provisions:*

*(a) Surrender of connectivity may be permitted, as a one-time measure, without forfeiture of Bank Guarantees (BGs), for legacy LoAs issued by REIAs, where connectivity has been granted, however, PPA/PSA could not be executed;*

*(b) The connectivity freed as a result of such surrender may be allocated through a transparent auction mechanism;*

*(c) The revenue realised from such auction may be assigned to CTUIL; and*

*(d) This provision should be applicable only as a one-time measure for legacy LoAs existing as on 31st March, 2025, where no PPA or PSA could be executed as on date.”*

7. We have considered the stakeholders' comments on the proposal discussed in the above-mentioned Staff Paper and MOP communications on the subject issue.

8. We are of the view that connectivity is a scarce resource which should be optimally allocated to entities with a firm commitment to set up the project. Connectivity granted based on the LOA was on the premise that it would lead to faster execution of projects, but it needs a relook for the specified set of LOAs which did not convert to PPAs despite lapse of more than 12 months from issuance of LOA, especially when most of the projects that have been granted connectivity using such LOAs, have not made much progress as they await signing of PPAs.



9. Accordingly, we are of the view that an entity which has been granted connectivity based on the LoA issued by REIAs and where the PPA is yet to be signed and that PPA have not been signed within a period of 12 months from the date of issuance of the LoA, should be given an appropriate opportunity to commission the project within a specific time-period or surrender the connectivity so that it can be allocated to another entity that is ready to bring up the project.

10. A mechanism for the treatment of the Connectivity granted on the LoA basis and where the PPA is yet to be signed and that PPA have not been signed within a period of 12 months from the date of issuance of the LoA, has been worked out (as detailed at Annexure-I), broadly as follows, considering suggestions of MOP and comments received on staff paper:

Such an entity may opt for either of the following options:

- i. Option-I – Entity may opt to exit from the LoA route and set up the project by submitting a PBG of Rs. 10 lacs/MW and submit the Land document, the Financial Closure document and the COD within a stipulated timeline.
- ii. Option-II - Entity may opt to substitute the original LoA1 with a PPA signed under LoA2 issued by the same REIA or a different REIA. Such substitution shall be allowed on the PPA signed either by the Connectivity applicant itself, or by its subsidiary, or by its Parent company, or by another subsidiary of the same Parent Company. Further, after the substitution of the PPA, the entity shall achieve the Financial Closure and the COD within the stipulated timeline of the PPA. SCOD of the project as per the PPA (as extended, if any) shall be considered as SCOD for the purpose of converted Connectivity, subject to the condition that such SCOD shall not exceed 30 months from the date of conversion of Connectivity to the PPA route. The original LOA1, which was substituted with PPA of LOA2, shall become an ineligible document for applying for fresh connectivity or for conversion of connectivity from Land/ Land BG route to LOA route.
- iii. Option-III - Entity may opt to surrender such Connectivity with return of Conn-BG1, Conn-BG2 and Conn-BG3. Surrendered capacity shall be put up for reallocation with payment of charges or auction, as applicable.

11. Regulation 41 of the GNA Regulations provides as under:



*“41. Power to Relax*

*The Central Commission, for reasons to be recorded in writing, may relax any of the provisions of these regulations on its own motion or on an application made before it by an affected party to remove the hardship arising out of the operation of these regulations.”*

As per the above, this Commission, under Regulation 41 of the GNA Regulations, is vested with the power to relax and remove hardship arising from the operation of the said regulations.

12. Regulation 42 of the GNA Regulations provides as under:

*“42. Power to Remove Difficulty*

*If any difficulty arises in giving effect to the provisions of these regulations, the Central Commission may, on its own motion or on an application made before it by affected party by order, make such provision not inconsistent with the provisions of the Act or provisions of other regulations specified by the Central Commission, as may appear to be necessary for removing the difficulty in giving effect to the objectives of these regulations.”*

As per the above, this Commission, under Regulation 42 of the GNA Regulations, is vested with the power to remove difficulties under certain circumstances.

13. We are of the view that, considering the circumstances wherein a large number of LOAs have not been converted into PPAs, a one-time exercise is required to be taken so that Connectivity does not remain stranded. Accordingly, we invoke our powers under Regulations 41 and 42 of the GNA Regulations and propose a detailed mechanism attached as Annexure-I to this Order.

14. Comments are invited from the stakeholders on the said proposed mechanism. The comments/ suggestions/ objections may be sent to the Secretary, Central Electricity Regulatory Commission, 6th, 7th & 8th Floors, Tower B, World Trade Centre, Nauroji Nagar, New Delhi- 110029 or by email to (secy@cercind.gov.in and shilpa@cercind.gov.in) on or before 21.05.2026. A Public hearing shall be conducted in this matter, for which a separate notice will be issued.

15. The Commission would issue an Order after duly considering the comments/ suggestions/ objections received on the proposal.



16. In order to conclude the decisions under the instant Order, data of the entities likely to fall under the ambit of the instant Order is required to be collected. Accordingly, we direct as under:

- a) REIAs viz NTPC, NHPC, SJVN and SECI are directed to furnish the status of LOAs where PPAs have not been signed even after 12 months from the date of issuance of LOA, along with the location of the project as per the LOA, within a period of 7 days from the issuance of this Order. In case the location has been revised in the revised LOA, the same is also required to be furnished. A copy of such details shall also be furnished to CTUIL by the REIAs.
- b) CTUIL to furnish to Commission, within 3 days of submission of data by REIAs, the status of Connectivity based on such LOA, including the name of substation where Connectivity has been granted, whether the final grant of Connectivity has been issued or only in-principle connectivity has been issued, and whether Connectivity Agreement has been signed, along with the firm start date of Connectivity, wherever intimated.

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| <b>Sd/-</b><br><b>(Ravinder Singh Dhillon)</b><br><b>Member</b> | <b>Sd/-</b><br><b>(Harish Dudani)</b><br><b>Member</b> | <b>Sd/-</b><br><b>(Ramesh Babu V.)</b><br><b>Member</b> | <b>Sd/-</b><br><b>(Jishnu Barua)</b><br><b>Chairperson</b> |
|---|--|---|--|



**Mechanism for treatment of connectivity granted under the GNA Regulations based on the LoA where the PPA has not been signed within a period of 12 months from the date of issuance of the LoA**

- (1) An entity (i) which has been issued in-principle grant of Connectivity or final grant of Connectivity based on the LoA under clause (a) of Regulation 5.8(xi) under the GNA Regulations or (ii) an entity who was granted Stage-II Connectivity under the 2009 Connectivity Regulations based on the LoA and transitioned to the GNA Regulations or (iii) an entity who was granted Connectivity based on the Land or Land BG and has been converted as entity under clause (a) of Regulation 5.8(xi), and where PPA have not been signed since issuance of LOA after lapse of more than 12 months, shall be covered under the instant Order.
- (2) CTUIL shall publish a list of entities covered under Clause (1) of this Annexure within 3 days of issuance of final Order in 11/SM/2026 on its website.
- (3) The entity covered under Clause (2) of this Annexure shall, within one month of the issuance of the list on the CTUIL website, opt for one of the following options for treatment of the Connectivity granted to such entity:

**(A) Option-I : Exit from the LoA route, without surrendering the Connectivity:**

- (a) Such an entity shall make an application to CTUIL seeking exit from the LoA route, along with the following documents:
  - (i) No Objection Certificate from the concerned REIA certifying non-signing of the PPA.
  - (ii) Performance Bank Guarantee for Rs 10 lakh/MW.
  - (iii) Fresh Scheduled date of commercial operation (SCOD), which shall not be later than 18 months from the date of issuance of intimation by CTUIL accepting the option of the entity or the firm start of Connectivity, whichever is later.
- (b) CTUIL shall scrutinise the documents furnished by the entity and, in case the documents are in order, shall issue a revised grant (within two months of completion of the month in which the application for exercising the option, complete in all respects, has been received by the CTUIL) as under:

- (i) Revised final grant of connectivity to the entity to whom the final grant of Connectivity was issued as on the date of issuance of this Order.
  - (ii) Revised in-principle grant of connectivity to the entity to whom the final grant of Connectivity has not been issued as on the date of issuance of this Order, and only an in-principle grant of connectivity has been issued as on the date of issuance of this Order.
  - (iii) Entities that have already entered into a Connectivity Agreement as of the date of issuance of this Order shall sign a supplementary agreement to incorporate the revised intimation.
- (c) There shall not be any change in the firm start date of Connectivity for entities to whom the firm start date of Connectivity has been issued as on the date of issuance of this Order, pursuant to exercising the option under this Order.
- (d) Entity shall submit the land documents in terms of Regulation 5.8(xi)(b) of the GNA Regulations by the later date of sub-clause (i) or (ii) specified below:
- (i) 12 months of issuance of revised in-principle intimation or revised final intimation, as the case may be, by the CTUIL under sub-clause (b) of Clause (3)(A) of this Annexure; or
  - (ii) nine months from the date of communication of the tentative coordinates of the substation at which Connectivity has been granted in terms of Regulation 10.5(b) of the GNA Regulations.
- (e) Entity shall submit the financial closure document as per Regulation 11A(2) of the GNA Regulations, by the later date of subclause (i) or (ii) as specified below:
- (i) 15 months from the date of issuance of revised in-principle intimation or revised final intimation, as the case may be, by the CTUIL under sub-clause (b) of Clause (3)(A) of this Annexure.
  - (ii) 6 months prior to the firm start date of Connectivity of such applicant.
- (f) The entity shall be covered under Regulation 24.6(1)(a)(ii) read with Regulation 24.6(3) of the GNA Regulations, for the purpose of the milestone of achieving COD, considering the SCOD as provided under the revised in-principle intimation or revised final intimation, as the case may be, by the CTUIL under sub-clause (b) of Clause (3)(A) of this Annexure. The entity shall

be liable to pay the applicable charges under the Sharing Regulations until COD.

- (g) The Conn-BGs (Conn-BG1, Conn-BG2, Conn-BG3) as already furnished by such entity shall continue to remain valid and shall be returned as per Regulation 16 of the GNA Regulations on declaration of COD by the entity, subject to sub-clause (k) of Clause (3)(A) of this Annexure.
- (h) The PBG shall be returned corresponding to the generation capacity which has been declared under commercial operation by the Connectivity grantee one year after achieving the COD.
- (i) Such entity may seek additional time to meet the compliances as per sub-clauses (d) to (f) of Clause (3)(A) of this Annexure, with the payment of Milestone Extension Charges (MEC), subject to a limitation on maximum additional time for entities covered under this Option-I as under:
  - (i) Additional time up to three months for submission of land documents.
  - (ii) Additional time up to three months for submission of Financial Closure documents.
  - (iii) Additional time of up to six months for achieving COD.
- (j) In case such entity fails to achieve the milestones as per sub-clauses (d) to (e) of Clause (3)(A) of this Annexure, or as extended under sub-clause (i) of Clause (3)(A) of this Annexure, as the case may be, Connectivity shall be revoked in terms of the GNA Regulations and the Conn-BGs shall be treated in terms of Regulation 24.3 and 24.4 of the GNA Regulations. The Performance Bank Guarantee submitted under Option-I shall be encashed in case the Connectivity is revoked.
- (k) In case such entity fails to achieve CoD for part or full quantum, within the stipulated timeline as per sub-clause (f) of Clause (3)(A) of this Annexure or as extended under sub-clause (i) of Clause (3)(A) of this Annexure, Connectivity for the proportionate quantum shall be revoked in terms of Regulation 24.6 of the GNA Regulations, Conn-BGs shall be treated in terms of Regulations 24.3 and 24.4 of the GNA Regulations and the Performance Bank Guarantee shall be encashed in proportion to the revoked quantum of Connectivity.

- (l) Such LoA shall become an invalid document to obtain any other Connectivity or to convert from Land or Land BG Route to LoA route.
- (m) In case where PPA has not been signed within a period of 12 months from issuance of LOA, and if REIA permits such entity to exit from the LoA route, such entity may also exercise Option-I.

**(B) Option-II : Substitution of the LoA with a PPA signed under another LoA**

- (a) An entity may opt for substitution of the LoA (say 'LoA1), on the basis of which it obtained Connectivity or converted Connectivity from Land or Land BG route to the LoA route, with a PPA signed under another LoA (say 'LoA2').
- (b) PPA signed under LoA2 may have been issued by any REIA or such PPA may have been entered into by a distribution licensee or authorised agency on behalf of a distribution licensee. A PPA under LoA2 could be signed either by the Connectivity applicant itself, its subsidiary, or its Parent company, or another subsidiary of the same Parent Company. SCOD of the project, including extension thereof, shall be considered as per PPA, subject to the condition that such SCOD shall not be more than 30 months from the date of conversion.
- (c) Such an entity shall make an application to CTUIL seeking substitution of LoA1 to PPA along with the following documents:
  - (i) Copy of the relevant PPA.
  - (ii) No Objection Certificate from the concerned REIA that issued LoA1 certifying non-signing of the PPA.
  - (iii) No Objection Certificate from the concerned REIA or distribution licensee or authorised agency on behalf of the distribution licensee who issued LoA2 or PPA, with the approval of the change in the project location, if required.
  - (iv) If the contracted capacity under the PPA is lower than the quantum of Connectivity, the Entity shall make an application for such part capacity under Option-I or Option-III of this Order along with this application.
- (d) CTUIL shall scrutinise the documents furnished by the entity and, in case the documents are in order, shall issue a revised grant (within two months of



completion of the month in which the application for exercising the option, complete in all respects, has been received by the CTUIL) as under:

- (i) Revised final grant of connectivity to the entity to whom the final grant of Connectivity was issued as on the date of issuance of this Order.
  - (ii) Revised in-principle grant of Connectivity to the entity to whom the final grant of Connectivity has not been issued as on the date of issuance of this Order, and only an in-principle grant of Connectivity has been issued as on the date of issuance of this Order.
  - (iii) For entities that have already entered into a Connectivity Agreement as on the date of issuance of this Order, shall sign a supplementary agreement to incorporate the revised intimation.
  - (iv) In case of difference in the configuration of the sources under the LoA1 vs substituted PPA, such substitution shall be permitted by the CTUIL, considering the availability of the Connectivity with solar hour access and non-solar hour access.
- (e) There shall not be any change in the firm start date of Connectivity for entities to whom the firm start date of Connectivity has been issued as on the date of issuance of this Order, pursuant to exercising the option under this Order.
  - (f) Entity shall submit the financial closure document as per Regulation 11A(2) of the GNA Regulations, considering SCOD under sub-clause (b) Clause (3)(B) of this Annexure.
  - (g) Entity shall be required to achieve the COD of the project as per Regulation 24.6(1)(a)(i) read with Regulation 24.6(3) of the GNA Regulations, considering SCOD under sub-clause (b) of Clause (3)(B) of this Annexure. The entity shall be liable to pay the applicable charges under the Sharing Regulations until COD.
  - (h) Within 10 days of issuance of revised in-principle intimation or revised final intimation, as the case may be, by the CTUIL under sub-clause (d) of Clause (3)(B) of this Annexure, the entity with Connectivity based on LoA2 shall make an application to CTUIL to convert such Connectivity under Option-I or Option-III of this Order. If the entity does not make an application choosing either of the options, such quantum of connectivity shall be deemed surrendered under



Option-III with the return of proportionate Conn-BG2 and Conn-BG3.

- (i) The Conn-BGs (Conn-BG1, Conn-BG2, Conn-BG3) as already furnished by such entity shall continue to remain valid and shall be returned as per Regulation 16 of the GNA Regulations on declaration of COD by the entity, subject to sub-clause (l) of Clause (3)(B) of this Annexure.
- (j) Such entity may seek additional time to meet the compliances as per sub-clauses (f) to (g) of Clause (3)(B) of this Annexure, with the payment of Milestone Extension Charges (MEC), subject to limitation on maximum additional time for entities covered under this option as under:
  - i. Additional time up to three months for submission of Financial Closure documents.
  - ii. Additional time of up to six months for achieving COD.
- (k) In case such entity fails to achieve the milestones as per sub-clause (f) of Clause (3)(B) of this Annexure, or as extended under sub-clause (j) of Clause (3)(B) of this Annexure, as the case may be, the Connectivity shall be revoked in terms of the GNA Regulations and Conn-BGs shall be treated in terms of Regulation 24.3 and 24.4 of the GNA Regulations.
- (l) In case such entity fails to achieve CoD for part or full quantum, within the stipulated timeline as per sub-clause (g) of Clause (3)(B) of this Annexure or as extended under sub-clause (j) of Clause (3)(B) of this Annexure, the Connectivity for the proportionate quantum shall be revoked in terms of Regulation 24.6 of the GNA Regulations, Conn-BGs shall be treated in terms of Regulations 24.3 and 24.4 of the GNA Regulations.
- (m) Such LoA1 shall become an invalid document to obtain any other Connectivity or to convert from Land or Land BG Route to LoA route.

**(C) Option-III : Surrendering of such Connectivity with return of Conn-BGs (Conn-BG1, Conn-BG2 and Conn-BG3)**

- (a) An entity may apply to surrender such Connectivity to CTUIL.
- (b) Such an entity shall make an application to CTUIL seeking surrender of Connectivity with No Objection Certificate from the concerned REIA that had issued the LoA certifying non-signing of the PPA.



- (c) CTUIL shall scrutinise the documents furnished by the entity and in case the documents are in order, shall issue a closure of the Connectivity application within 15 days of completion of the month in which the application of exercising the option, complete in all respects, has been received by the CTUIL.
- (d) The Conn-BGs shall be kept valid by such entity until CTUIL returns them in terms of the provisions proposed herein.
- (e) Such entity shall be liable to pay the applicable charges under the Sharing Regulations until the date of closure of the Connectivity by the CTUIL. CTU shall return the Conn-BGs within 15 days of the award of such surrendered connectivity under reallocation or to the successful bidder in pursuance of the auction of such surrendered connectivity and subject to payment of charges, if any, under the Sharing Regulations.

(4) Treatment of entity which does not opt for Option-I or Option-II or Option-III

If the entity having Connectivity on the LoA route, where the signing of the PPA is delayed for more than 12 months and has not opted for either Option-I, Option-II, or Option-III of this Annexure, for part or full quantum, within stipulated time as per Clause (3) of this Annexure, Connectivity of such entity shall be governed in terms of Option-III of this Order.

**(5) Treatment of Connectivity freed up under Option-III.**

- (a) After surrender of the Connectivity, within one month of such surrender, CTUIL shall offer such freed up Connectivity to entity to whom in-principle or final Connectivity has been granted in the same cluster of substation in which Connectivity has been freed up. The same shall be carried out in terms of reallocation process as per Regulation 11C of the GNA Regulations, subject to the condition that entity accepting the offer of reallocation shall pay the base price for such Connectivity quantum as per sub-clause(g) of Clause (5) of this Annexure. Such entity shall pay the required amount within a period of 15 days of accepting the offer of reallocation, failing which the Connectivity quantum shall be taken up under open auction as per sub-clause(b) of Clause (5) of this Annexure. Such amount shall be used to reduce the monthly transmission charges of drawee DICs under the Sharing Regulations. Such reallocation shall not be offered to entities who are in application stage and to whom neither in-



principle grant of Connectivity nor final grant of connectivity has been issued.

(b) CTUIL shall conduct the open auction for surrendered Connectivity capacity within a period of two months from the date of conclusion of reallocation exercise in terms of sub-clause(a) of Clause (5) of this Annexure, in the following manner:

(i) CTUIL shall be the Nodal Agency for calling and conducting the auction of the surrendered Connectivity and awarding the Connectivity to the successful bidder. CTUIL shall conduct the auction either directly or through any of the notified Bid Process Coordinators for Tariff based Competitive Bidding in transmission or REIAs.

(ii) Auction shall be done based on the increasing price bids. The entity that quotes the highest premium above the base price shall win the auction and shall be awarded the corresponding Connectivity.

(c) There shall be two windows for calling the auction of such surrendered Connectivity based on whether the evacuation system exists or is under construction.

(A) In case the auction of the Connectivity is done at the substation which has achieved COD and corresponding augmentation to ISTS for making GNA effective is also achieved COD, the following modalities shall be applicable:

(i) The SCOD of the project shall not be more than 12 months from the date of award of auctioned connectivity.

(ii) Such entity shall furnish land documents in terms of Regulation 5.8(xi)(b) of the GNA Regulations at least nine months prior to the SCOD.

(iii) Such entity shall furnish financial closure in terms of Regulation 11A(2) of the GNA Regulations at least six months prior to the SCOD.

(iv) Entity shall be required to achieve COD by the SCOD intimated at the time of auction, failing which Connectivity shall be revoked under Regulation 24.6, subject to milestone extension.

(B) In case the auction of the Connectivity is done at the (i) substation which is yet to achieve COD and corresponding augmentation to ISTS for making GNA effective is also yet to achieve COD, or (i) substation has

achieved COD but corresponding augmentation to ISTS for making GNA effective is yet to achieve COD, the following modalities shall be followed:

- (i) The SCOD of the project shall not be more than 24 months from the date of award of auctioned connectivity or the firm start date of Connectivity, whichever is later.
  - (ii) Such entity shall furnish the land document in terms of Regulation 5.8(xi)(b) of the GNA Regulations by the later date of subclause (a) or (b) specified below:
    - a. 12 months from the date of issuance of the award of Connectivity by the CTUIL after the auction or
    - b. nine months from the date of communication of the tentative coordinates of the substation at which Connectivity has been granted.
  - (iii) Entity shall submit the financial closure document as per Regulation 11A(2) of the GNA Regulations, by the later date of subclause (a) or (b) specified below:
    - a. 15 months from the date of award of Connectivity by the CTUIL after auction.
    - b. 1 month prior to the firm start date of Connectivity.
  - (iv) The entity shall be covered under Regulation 24.6(1)(a)(ii) read with Regulation 24.6(3) of the GNA Regulations, for the purpose of the milestone of achieving COD, considering the SCOD as provided under the auction.
- (d) The following conditions shall be applicable to Connectivity awarded under auction under sub-clauses (A) or (B) of Clause (5)(c) of this Annexure:
- (i) After award of the Connectivity to the successful bidder, the Connectivity agreement, in terms of Regulation 10.1 of the GNA Regulations, shall be signed, within one month of the award of the Connectivity, between the successful bidder and CTUIL.
  - (ii) Within 15 days of receipt of the Performance Bank Guarantee (as specified at sub-clause (i) of Clause (5) of this Annexure), CTUIL shall intimate the details as under Regulation 9.1 or Regulation 10.5, as

applicable, of the GNA Regulations to the successful bidder.

(iii) The successful bidder shall furnish technical connection data as under Regulation 10.1 of the GNA Regulations, subsequent to that, Regulations 10.2 and 10.4 of the GNA Regulations shall be followed.

(iv) Such entity may seek additional time to meet the compliances of Land documents, Financial Closure or COD as per details in sub-clauses (A) or (B) of Clause (5)(c) of this Annexure, as the case may, with the payment of Milestone Extension Charges (MEC), subject to limitation on maximum additional time for entities covered under this option as under:

- a. Additional time up to three months for submission of Land documents.
- b. Additional time up to three months for submission of Financial Closure documents.
- c. Additional time of up to six months for achieving COD.

(v) In case such entity fails to achieve the milestones of Land or financial Closure as per details in sub-clauses (A) or (B) of Clause (5)(c) of this Annexure, or as extended under sub-clause (iv) of Clause (5)(d) of this Annexure, as the case may be, Connectivity shall be revoked in terms of the GNA Regulations, and PBG shall be encashed.

(e) In case such entity fails to achieve CoD for part or full quantum, within the stipulated timeline as per details in sub-clauses (A) or (B) of Clause (5)(c) of this Annexure or as extended under sub-clause (iv) of Clause (5)(d) of this Annexure, Connectivity for the proportionate quantum shall be revoked, and proportionate quantum of PBG shall be encashed. The amount of encashed PBG shall be adjusted with the Monthly Transmission Charges under the Sharing Regulations.

### **Broad Modalities of Auction**

(f) CTUIL shall conduct the auction for surrendered Connectivity capacity with following details:

- (i) Quantum of Connectivity under offer, number of bays, voltage level,



scope of the bay, whether Connectivity is on offer with solar hour access or non solar hour access.

- (ii) Details of substation and augmentation to make GNA effective for the capacity under auction. Whether substation at which auction is proposed has achieved COD and corresponding augmentation to ISTS for making GNA effective has also achieved COD.
  - (iii) Firm start date of connectivity, where augmentation is yet to achieve COD with likely date of effectiveness of GNA as per the latest status of augmentation under JCC.
- (g) Considering total amount of Conn-BGs for per MW, which was supposed to be encashed and adjusted under Monthly Transmission charges under Sharing Regulations in case of revocation of Connectivity as approximately Rs. 3 Lakh/MW (Conn-BG2 for 220 kV bay (Rs. 3 Crore, considering the cost of 220 kV terminal bay which caters to 300 MW i.e. Rs. 1 lac/MW) and Conn-BG3 for Rs. 2 Lakh/MW), Base Price for Auction of the surrendered Connectivity shall be Rs 3 lac/MW.
- (h) Bidder shall submit a non-refundable bid application fee of Rs. 5 lakh plus applicable taxes along with Earnest Money Deposit (EMD) equal to 15000/MW (Considering 5% of the base price) in the form of a Bank Guarantee.
- (i) After the bidding process is concluded, the successful bidder shall deposit the bid amount (in cash) and a Performance Bank Guarantee (PBG) for an amount of Rs 30,000/MW (considering 10% of the base price) in the form of Bank Guarantee within 15 days of the conclusion of bidding. The bidding agency shall release the Bank Guarantees towards EMD of the unsuccessful Bidders within 15 days after the award of the Connectivity to the Successful Bidder. The bidding agency shall release the Bank Guarantees towards EMD of the successful Bidders within 7 days of receipt of PBG and bid amount by the successful bidder.
- (j) If the successful bidder fails to furnish the bid amount or PBG within the stipulated timeline, Connectivity shall be revoked and EMD shall be encashed.
- (k) The PBG shall be returned corresponding to the generation capacity which has been declared under commercial operation by the Connectivity grantee



one year after achieving COD.

- (l) Within 15 days of receipt of bid amount, the Conn-BGs of the corresponding entity, which has surrendered such Connectivity, shall be returned to such entity.
- (m) Out of the total Amount received from Auction, an amount equal to the amount of Conn-BGs of the exiting entity, shall be used to reduce the monthly transmission charges of drawee DICs under the Sharing Regulations. Any balance amount shall be credited to the Deviation and Ancillary Services Pool Account by the Nodal Agency.
- (n) Detailed modalities of the auction shall be prepared by CTUIL in consultation with all the stakeholders.

**Illustration:** Suppose an entity 'A' has been granted Connectivity for 300 MW on LoA route. Entity has submitted the Conn-BG1 for Rs. 50 Lakh, Conn-BG2 for Rs. 3 Crore and Conn BG3 for Rs. 6 Crore.

The entity opted to surrender the Connectivity under Option-III, and the same has been allowed. The auction shall be as under:

- a. Minimum quantum to bid – 50 MW
- b. Entity bidding the highest auctioned money above the base price (H1) shall be awarded the corresponding Connectivity.
- e. Suppose 300 MW of connectivity is under Auction and the base price is Rs. 3 Lakh/MW. Following entities have participated in the auction:
  - i. Entity 'A' bid for 100 MW @ of Rs. 5 Lakh/MW
  - ii. Entity 'B' bid for 150 MW @ of Rs. 4.5 Lakh/MW
  - iii. Entity 'C' bid for 100 MW @ of Rs. 4 Lakh/MW
  - iv. Entity 'D' bid for 50 MW @ of 3.5 Lakh/MW
  - v. Entity 'E' bid for 50 MW @ of 3 Lakh/MW
- f. Award of Connectivity shall be done as under:
  - i. Entity 'A' shall be awarded connectivity for 100MW
  - ii. Entity 'B' shall be awarded connectivity for 150MW



- iii. Entity 'C' shall be awarded connectivity for 50MW
- iv. If Entity 'C' denies to take the award of 50 MW as he has quoted for 100 MW, then Entity 'D' shall be awarded the connectivity of 50 MW
- g. CTU shall return the Conn-BGs of entity 'A' within 15 days of receipt of the bid amount.

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**Gist of comments received on Staff paper**

**Comments on proposed Option-I of the Staff Paper**

- i. Stakeholders have opposed additional PBG, citing financial barriers for new and emerging players. Instead, the entity may be allowed to submit the PPA or to convert to Land or Land BG.
- ii. Increase the time from one month to two months for seeking the exit from the LoA route.
- iii. Few stakeholders have sought to increase the time to commission the project to 24 months in place of 18 months, whereas some stakeholders have submitted that SCOD from the date of conversion should not be later than 12 months.
- iv. Some stakeholders have sought to increase the timeline for submission of land documents to 15-18 months from the date of conversion, whereas some have submitted that the applicant must possess 50% of the land or submit the Land BG for 50% land requirements. And once the conversion takes effect, the applicant must provide land documents for 100 % of the land requirement within 6 months of the date of conversion.
- v. For any capacity surrendered due to partial conversion under this option, the corresponding proportionate Conn-BGs should be returned to the developer, in place of encashing the same.

**Comments on proposed Option-II of the Staff Paper**

- i. Some stakeholders suggested removing the condition regarding the 6-month gap between Connectivity start dates. Some have suggested reducing this gap to 3 months.
- ii. Increase the substitution window from 3 to 6 Months.
- iii. All timelines for SCOD and financial closure under Option II should be aligned with the SCOD of the substituted PPA, with no arbitrary outer limit of 12 months.
- iv. A developer should be provided a window of 3 to 6 months to choose Option-I or Option-II and if a developer does not exercise either of these options within this period, the Connectivity should be considered surrendered, and all associated bank guarantees should be returned.

## Comments on proposed Option-III of the Staff Paper

- i. Conn-BG1 should not be encashed, as signing of a PPA lies squarely within the domain of REIAs.
- ii. Deemed surrender mechanism should be applicable only to those projects where the LOA has been formally cancelled by the REIA, not where it is merely delayed.
- iii. REIA NoC should be mandated before CTUIL accepts surrender.
- iv. After surrender of the Connectivity, before auctioning, REIAs or its subsidiary/group company should have the first right to take such Connectivity; the leftover connectivity should be put up for open auction to all the developers.
- v. Some stakeholders have suggested not to implement the auction and go by the reallocation process, while others have suggested going for the auction.
- vi. The vacated connectivity may be reallocated in the following order of priority:
  - a. Priority 1: Existing applicants in the CTUIL Priority Queue (Time-stamped).
  - b. Priority 2: Applicants holding Firm PPAs with REIAs, Discoms, or Reputed C&I Consumers who were previously denied connectivity.
  - c. Priority 3: Only residual capacity, if any, should be open to general application
- vii. Surrendered Connectivity should be allocated to Green Hydrogen and Green Ammonia projects with executed offtake agreements, on a priority basis.
- viii. For auction, a fixed timeline of 24 months for Solar and 36 months for Wind for commissioning of the project or the commissioning of the substation, whichever is later, should be implemented. Such an entity should furnish the land document within 12 months for Solar Projects and 18 months for Wind Projects, and should submit the financial closure document within 15 months for Solar and Wind Projects.
- ix. Allocation should be based on a priority basis, particularly based on readiness of the project (land, FC, % physical progress on site, viz., Module/ WTG delivery status, COD timeline) rather than financial bidding/auctioning. Premium-based auctions could favour financially stronger players, undermining smaller developers and distorting competition. Also, Government entities have specific procedures and regulations governing their participation in auctions, which can limit their flexibility. Since it is apparent that more players may get connectivity



through auctioning, it may adversely affect the RE tariff in the upcoming REIA bids.

- x. Option III has the highest potential for the utilisation of spare transmission capacity. The auction process based on bids with a floor price and minimum bid quantity, will act as a catalyst for fast-tracking the projects, and the proposed penalties/ encashment of BGs will act as a deterrent against the project delays.
  - xi. The remaining amount, if any, of the auctioned money should be first utilised towards meeting the cost of equipment to manage deviations of RE Generators and/or requirement of ancillary service, and the remaining may be transferred to the Ancillary Services pool account
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