

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 359/MP/2024 along with IA No. 88/2024**

**Coram:**

**Shri Jishnu Barua, Chairperson  
Shri Ramesh Babu V., Member  
Shri Harish Dudani, Member**

**Date of Order: 19.12.2024**

**In the matter of:**

Petition under Section 79(1)(c) of the Electricity Act, 2003 and Regulation 65 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023 seeking appropriate directions to the Central Transmission Utility of India to accept the Reserve Bank of India's Letter of Mandate for the purpose of granting connectivity.

**And**

**In the matter of:**

Indian Railways  
Through Central Railways  
Government of India  
Railway Bhawan, Raisina Road  
New Delhi – 110 001

.....Petitioner

**Versus**

Central Transmission Utility of India Limited  
First Floor, Saudamini,  
Plot No.2, Sector-29, Gurugram

..... Respondent

**Parties Present:**

Shri Deep Rao Palepu, Advocate, IR  
Shri Arjun Agarwal, Advocate, IR  
Ms. Tarang Sarawgi, Advocate, IR



Ms. Kanupriya Sharma, REMCL  
Ms. Suparna Srivastava, Advocate, CTUIL  
Ms. Divya Sharma, Advocate, CTUIL  
Shri Swapnil Verma, CTUIL  
Shri Ranjeet Rajput, CTUIL

## **ORDER**

Indian Railways has filed the instant Petition under Section 79(1)(c) of the Electricity Act, 2003 and Regulation 65 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023 seeking appropriate directions to the Central Transmission Utility of India to accept the Reserve Bank of India's Letter of Mandate for the purpose of granting connectivity under the GNA Regulations.

2. The Petitioner has made the following prayers in the Petition:

### **Prayers under Petition No. 359/MP/2024:**

- (a) Hold and declare that the Letter of Mandate(s) issued by the Reserve Bank of India on behalf of the Indian Railways satisfies the regulatory requirements of the Connectivity Bank Guarantees envisaged under the GNA Regulations, 2022 in all respects, and consequently the Indian Railways is not required to furnish Bank Guarantees when a Letter of Mandate is furnished for the same value;*
- (b) Direct CTUIL to accept the Letter of Mandate issued by the RBI as Conn-BG 1 and Conn-BG 3 respectively;*
- (c) issue appropriate directions to CTUIL to recognize the Reserve Bank of India's Letter of Mandate(s) issued on behalf of the Indian Railways as a valid Payment Security Mechanism under the GNA Regulations, 2022;*
- (d) exercise its power under Regulations 41 of the GNA Regulations, 2022 to relax the operation of Regulations 8.1 and 8.2 of the GNA Regulations, 2022 and permit CTUIL to accept the Letter of Mandate(s) issued by the Reserve Bank of India on behalf of the Indian Railways for the purposes of Conn-BG 1 and Conn-BG 3;*
- (e) exercise its power under Regulations 42 of the GNA Regulations, 2022 to remove difficulties in implementing Regulations 8.1 and 8.2 of the GNA Regulations, 2022 and permit CTUIL to accept the Letter of Mandate(s) issued by the Reserve Bank of India on behalf of the Indian Railways for the purposes of Conn-BG 1 and Conn-BG 3 under the GNA Regulations, 2022;*



- (f) *hold and direct that none of the Indian Railways' applications for connectivity under the GNA Regulations, 2022 shall be closed on grounds that Conn BG1 or Conn BG3 have not been furnished and a Letter of Mandate is available for the same value;*
- (g) *hold and declare that the Indian Railways shall not be required to file fresh connectivity applications in all cases where the Reserve Bank of India's Letter of Mandate can be furnished and pass consequential directions for the CTUIL to process all of Indian Railways' pending connectivity applications on the basis of Letters of Mandate to be furnished within a reasonable period of time;*
- (h) *Restrain the CTUIL from taking any coercive steps against the Petitioner, Indian Railways in any of its regions including by way of cancellation or closure of any pending connectivity applications on grounds that a Letter of Mandate does not satisfy the requirements of furnishing a Conn BG1 and Conn BG3 under Regulations 8.1 and 8.2 of the GNA Regulations, 2022, or from forfeiting the application fees and direct the Respondent to maintain status quo during the pendency of the captioned Petition;*
- (i) *Grant ex-parte ad interim, ad interim and interim reliefs in terms of the above prayers; and*
- (j) *pass any other order(s) that this Hon'ble Commission deems fit in the interest of justice*

**Prayers under IA No. 88/2024:**

- (a) *Admit and list the petition and captioned Application for an urgent hearing;*
- (b) *Restrain the CTUIL from taking any coercive steps against the Applicant, Indian Railways in any of its regions including by way of cancellation or closure of any pending connectivity applications on grounds that a Letter of Mandate does not satisfy the requirements of furnishing a Conn BG 1 and Conn BG 3 under Regulations 8.1 and 8.2 of the GNA Regulations, 2022, or from forfeiting the application fees and direct the Respondent to maintain status quo during the pendency of the captioned Petition;*
- (c) *Grant ex-parte ad interim, ad interim and interim reliefs in terms of the above prayers; and*
- (d) *Pass such other orders that this Hon'ble Commission deems fit in the interest of justice*

**Submissions of Petitioner**

3. Petitioner has made the following submissions:

- (a) The Petitioner Indian Railways ("Petitioner") has filed the instant Petition to direct the Respondent, CTUIL, to recognize and accept the Reserve Bank of India's ("RBI") Letter of Mandate in lieu of the applicable Connectivity Bank Guarantees ("Conn BGs") - Conn-BG 1 and Conn-BG 3 as a valid and credible Payment Security Mechanism in line with the intent of Regulations 8.1 and 8.2 of the Central Electricity



Regulatory Commission (Connectivity and General Network Access) Regulations, 2022 (hereinafter “GNA Regulations”), thereby ensuring the Petitioner's GNA application of 50 MW, 65 MW and 50 MW in the States of Uttar Pradesh, Tamil Nadu and Maharashtra respectively is not delayed or derailed. The Petitioner has sought to invoke inherent powers of this Commission under Regulation 65 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023 (hereinafter “COB Regulations”) and Power to Relax and Power to Remove Difficulty under Regulations 41 and 42 of the GNA Regulations.

- (b) North Central Railways applied for a GNA of 50 MW in the State of Uttar Pradesh on 07.05.2024, with a connection to the Naini substation at the 220kV voltage level. The CTUIL, in its letter dated 25.07.2024, intimated North Central Railways about the approval of its GNA application dated 07.05.2024, granting it 50 MW as a Bulk Consumer with an existing connection at 220 KV at the Naini, Allahabad substation under the GNA Regulations. CTUIL also requested North Central Railways to submit the applicable - Conn-BG1 and Conn-BG3 amounting to Rs. 50 lakhs and Rs. 1 crore, respectively, as per Regulation 8.2 of the GNA Regulations, within one month of the issuance of the intimation, i.e., by 24.08.2024, failing which the CTUIL would terminate its GNA application and forfeit the application fees.
- (c) On 17.09.2024, the CTUIL issued a letter to North Central Railways informing it about the termination of its application for 50 MW GNA at Naini, Allahabad, due to failure to submit the applicable Conn BGs within the stipulated time under the GNA Regulations and forfeiture of the application fees.
- (d) Southern Railways applied for a GNA of 65 MW in the State of Tamil Nadu on 29.09.2023 for a connection at the Thiruvalem substation. Thereafter, the CTUIL on 30.01.2024 accorded its approval to the application of Southern Railways during the 27<sup>th</sup> Consultation Meeting held for Evolving Transmission Schemes (CMETS) in the Southern Region. In terms of the said minutes of the meeting, the CTUIL requested Southern Railways to submit Conn-BG 1 and Conn-BG 3 amounting to Rs. 50 lakhs and Rs. 1.3 crore, respectively, as provided under Regulations 8.1 and 8.2 of the GNA Regulations.
- (e) Southern Railways, on 28.02.2024, intimated CTUIL that in compliance with the Ministry of Power’s direction dated 06.08.2019 and 28.06.2019, it has been asked to submit a Letter of Mandate issued by RBI in lieu of Bank Guarantees, and accordingly it is in the process of obtaining the Letter of Mandate from the RBI.



- (f) On 02.04.2024, the RBI issued a Letter of Mandate to CTUIL. The mandate numbered G.LOM04/SR/2023-24 and G.LOM05/SR/2023-24 authorized the unconditional and irrevocable debit of Southern Railway's account with RBI for a sum of Rs. 50 lakhs for Conn BG1 and Rs. 1.3 crore for Conn BG3, respectively, in the event of any payment default by Southern Railways related to availing of the GNA connectivity.
- (g) The mandate remains valid for claims up to Rs. 50 lakhs for Conn BG1 until 30 days from 30.04.2027 and up to Rs. 1.3 crore for Conn BG3 until 30 days from 30.09.2024.
- (h) On 25.07.2024, the CTUIL granted in-principal approval of GNA of 65 MW to the Petitioner and requested the Petitioner to submit Conn-BG1 of Rs. 50 lakhs and Conn-BG3 of Rs. 1.3 crore as provided under Regulation 8.1 and 8.2 of GNA Regulations, within one month, failing which the CTUIL would terminate its application for GNA to forfeit the application fees.
- (i) On 08.08.2024, Southern Railways informed CTUIL that it had submitted a Letter of Mandate in lieu of a Bank Guarantee for Rs. 50 lakh (Conn BG1) and Rs. 1.3 crore (Conn BG3), and the same was issued by the RBI on behalf of Southern Railways on 02.04.2024.
- (j) On 20.08.2024, the CTUIL intimated Southern Railways that it had not received the required Conn-BGs and further insisted that in accordance with the GNA Regulations, the Conn-BGs must be submitted within the stipulated time, i.e., one month from the grant of the connectivity, i.e., 26.08.2024; failing which, the application of Southern Railways would be terminated, and the connectivity granted would be revoked. On 22.08.2024 the Southern Railways intimated CTUIL and other government officials that it has already submitted a Letter of Mandate for GNA Connectivity of 65 MW. On 23.08.2024, the CTUIL intimated to Southern Railways that an application for GNA Connectivity must be accompanied by a Bank Guarantee, and under the GNA Regulations Bank Guarantee is the only accepted mode of payment, and full compliance with the same is mandatory for Southern Railways' application for connectivity to be considered.
- (k) On 24.08.2024, Southern Railways requested the CTUIL to grant an extension for submission of the applicable Conn BGs and stated that it was awaiting clarification from its Finance Department for issuance of a Bank Guarantee and, therefore,

needed a one-month extension beyond the 26.08.2024 deadline to submit the required Conn BGs.

- (l) On 28.08.2024, the CTUIL intimated Southern Railways that under Regulations 8.1 and 8.2 of the GNA Regulations, the applicable Conn-BG1 and Conn-BG3 are required to be submitted within one month of the in-principal grant of connectivity and there is no provision for an extension of the timeline under it. Failure to submit Bank Guarantees within the stipulated time period would result in the termination of Southern Railways. Application for connectivity and the application fee would be forfeited.
- (m) From 28.02.2024, when the Petitioner first communicated its intention to submit the Letter of Mandate, until 23.08.2024, CTUIL did not raise any objection to the issuance of Letter of Mandate in lieu of Bank Guarantee. During this entire period, the Southern Railways was led on to believe that the Letter of Mandate was an acceptable form of Payment Security Mechanism in substitute of a Bank Guarantee. It was only on 23.08.2024 that CTUIL, for the first time, insisted on the submission of Bank Guarantees instead of a Letter of Mandate.
- (n) On 05.03.2024, Central Railways submitted an application for a GNA of 50 MW in the State of Maharashtra for a connection at the Talegaon substation at the 110 kV voltage level. On 06.09.2024, the CTUIL granted connectivity of 50 MW GNA near Talegaon, Maharashtra, to the Central Railways. CTUIL also requested the submission of Conn-BG1 amounting to Rs. 50 lakh and Conn-BG3 amounting to Rs. 1 crore within one month, *i.e.*, 06.10.2024.
- (o) On 13.09.2024, Central Railways issued a letter to CTUIL informing it that its Finance & Accounts department does not have a provision for issuance of a Bank Guarantee and instead requested CTUIL to accept RBI's Letter of Mandate as a Payment Security Mechanism. It highlighted that this was a normal practice followed by the different zones of the Railways, and the same is being issued as a Payment Security Mechanism to various agencies, including the CTUIL, for payment of transmission charges in the past. In light of the same, it requested the CTUIL to accept the Letter of Mandate in lieu of Bank Guarantee and upon its acceptance the Central Railways would proceed with issuing the Letter of Mandate within 30 days in favor of CTUIL.



- (p) The Central Railways issued a follow-up letter dated 17.09.2024 to CTUIL, reiterating its request to accept the Letter of Mandate issued by the RBI as a substitute for Bank Guarantee and expressed its willingness to provide a Demand Draft if the Letter of Mandate is not acceptable to CTUIL as a form of Payment Security Mechanism.
- (q) Thereafter on 17.09.2024 and 18.09.2024, CTUIL vide email to Central Railways stated that the grant of connectivity/GNA to the ISTS is governed by GNA Regulations, which stipulate only Bank Guarantee as an acceptable form of security and as such, Central Railways requests for issuance of Letter of Mandate in lieu of Bank Guarantee cannot be accepted. Its proposal for issuance of a Demand Draft as an alternative form of security was also rejected.
- (r) The Railway Board's longstanding practice of utilizing RBI issued Letters of Mandate as a substitute for security deposits for power supply connections and as a method of Payment Security Mechanism is supported by a clear trajectory of approvals and endorsements from various government bodies. On 26.12.2008, the Railway Board advised all zonal Railways to explore RBI issued Letters of Guarantee in lieu of security deposits for power supply connections with State Electricity Boards. Thereafter, on 25.03.2013, the Ministry of Finance approved the change in nomenclature from 'Letter of Guarantee' to 'Letter of Assurance' for transactions related to the Ministry of Railways. On 16.04.2013, the Railway Board wrote to the RBI, referencing its earlier communications, and noted that the Ministry of Finance had approved changing the nomenclature from 'Letter of Guarantee' to 'Letter of Assurance' accordingly, the Railway Board requested the RBI to agree to the issuance or extension of Letters of Assurance for security deposits related to power supply connections with State Electricity Boards. On 10.06.2013, the RBI confirmed to the Railway Board its approval for issuing a Letter of Assurance, instead of a Letter of Guarantee, for security deposits related to power supply connections with State Electricity Boards. Thereafter, on 12.02.2019, the RBI responded to the Ministry of Railways' previous request to continue issuing Letters of Assurance for power supply connections with State Electricity Boards. The RBI, in its communication, informed that it was not feasible to continue issuing a Letter of Assurance or Letter of Credit/Bank Guarantee. Instead, it proposed a new arrangement where Railway departments or zonal offices of the Railways could provide a mandate to the RBI to debit their accounts, which would then be forwarded

by RBI's regional offices to the relevant State Electricity Boards. On 21.02.2019, the Railway Board informed Indian Railways that the RBI had discontinued the practice of issuing Letters of Assurance and instead has agreed to issue Letter of Mandate, authorizing State Electricity Boards or powerhouses to debit the Railway's account upon a claim of default, based on requests from the Railway Administration.

- (s) On 06.08.2019, the Ministry of Power, Government of India, issued a letter to the Railway Board stating that the RBI's Letter of Mandate could be accepted as a payment security Mechanism for scheduling of power pursuant to its earlier letter dated 28.06.2019, recognizing its equivalency with other forms of payment security, such as Bank Guarantees. Since then, Indian Railways has consistently adopted the RBI's Letter of Mandate in lieu of Bank Guarantees across all power sector transactions. This practice has effectively optimized costs for the public exchequer, minimizing unnecessary financial expenses for a large organisation such as the Railways.
- (t) On 11.01.2021 and 12.01.2021, CTUIL communicated with the Ministry of Railways regarding the use of RBI's Letter of Mandate as a Payment Security Mechanism for ISTS charges. In terms of the said communication, CTUIL requested that all Railway Divisions may issue the required Letter of Mandate in favour of CTUIL for ISTS transmission charges. It further requested the Ministry of Railways to instruct all the relevant railway divisions to submit the Letter of Mandate at the earliest.
- (u) Petitioner has complied with the core objectives of Regulation 8.1 and 8.2 by providing a reliable and credible Payment Security Mechanism through the Letter of Mandate; the issue at hand is purely one of form versus substance. The RBI, as India's central bank, is the most creditworthy and reliable institution, ensuring the highest degree of financial security and trustworthiness. Both instruments serve the same purpose underlying the purpose of securing payments and demonstrating commitment, thereby ensuring compliance with the GNA Regulations. Therefore, CTUIL should accept the Letter of Mandate as an equivalent form of compliance. Any refusal to accept the Letter of Mandate would unjustly delay the grant of connectivity to the various constituents of the Indian Railways, impacting the Petitioner's rights and financial interests.
- (v) Since Regulation 8.4 of the GNA Regulations, itself mandates that Bank Guarantees be issued by a scheduled commercial bank recognized by the RBI, the Letter of Mandate issued by the RBI itself should be deemed acceptable.





- (w) Hence, the rejection of the Letter of Mandate is unwarranted, and appropriate directions should be issued to the CTUIL to accept the RBI's Letter of Mandate as satisfying the requirements of furnishing the Conn-BG1 and Conn-BG3 under Regulation 8.1 and 8.2 of the GNA Regulations.
- (x) CTUIL has previously accepted RBI's Letter of Mandate issued by South Eastern Railway on 26.09.2022 as a valid Payment Security Mechanism for ISTS charges.
- (y) Other State Electricity Regulatory Commissions and this Commission have on different occasions recognized and treated a Letter of Mandate as equivalent to a Bank Guarantee for payment security purposes. The following cases demonstrate the acceptance of the Letter of Mandate as a valid payment security mechanism by various regulatory commissions:
- i. Order dated 18.10.2019 in *Indian Railways v. Punjab State Transmission Corporation Limited & Ors.* [Petition No. 22 of 2019]: The State Commission amended Regulation 37 of the Punjab State Electricity Regulatory Commission (Terms and Conditions for Intra-State Open Access) Regulations, 2011, to recognize the Letter of Mandate issued by the RBI as an acceptable Payment Security Mechanism in lieu of a Letter of Credit. It held as follows:

*“After careful consideration of the submissions made in the Petition and all the pleadings available on the record, the Commission decides to amend the provisions of Regulation 37 of the Punjab State Electricity Regulatory Commission (Terms and Conditions for intra-State Open Access). Regulation 2011 to the extent that “Letter of Mandate”, issued by Reserve Bank of India (RBI), wherever applicable, shall also be acceptable as payment security Mechanism in lieu of “Letter of Credit”. The notification for the same is being issued separately.”*
  - ii. Order dated 21.01.2020 in *Indian Railways through North Western Railway v. Rajasthan Vidyut Prasaran Nigam Ltd.* [Petition No. 1574/19]: The State Commission held that the Letter of Mandate issued by RBI serves as a valid payment security mechanism for Open Access charges. The order emphasized that other State Commissions, including Haryana and Delhi, had also recognized the Letter of Mandate as a legitimate form of payment security. It held as follows:

*“14. In view of above, considering the special nature of Indian Railways, Commission, in exercise of its power under Regulation 31 of Open Access Regulations, 2016, directs RVPN to also accept the “Letter of Mandate” issued by Reserve Bank of India (RBD) against the Open Access charges for Indian Railways in lieu of security deposit, as provided in Regulation 24 (1) of the Open Access Regulations, 2016.”*
  - iii. Order dated 18.02.2021 in *Northeast Frontier Railway, Maligaon v. Assam Power Distribution Company Limited* [Petition No. 01/2021]: The State Commission

accepted the Letter of Mandate as a sufficient payment security instrument for security deposits. It held as follows:

*"The Commission is of the view that the Letter of Mandate is sufficient to protect the interest of APDCL in case of default in payment by Northeast Frontier Railway. So, the Letter of Mandate can be accepted as a mode of payment for Load Security."  
".....the Commission has decided to consider Letter of Mandate as prayed by the Petitioner as one of the mode of payment for security deposit."*

- iv. Order dated 25.04.2021 in *Rewa Ultra Mega Solar Limited* [Petition No. 91/MP/2020 & batch] wherein this Commission held that the Letter of Mandate would serve as an adequate substitute for a letter of credit and/ or a payment security fund. It held as follows:

*"The Commission observes that the 'letter of mandate' issued directly to RBI, would provide the desired security of payment and serve as an adequate substitute for a letter of credit or a payment security fund to be maintained with a scheduled bank. The Commission further notes that the Ministry of Power has also recognized RBI's letter of the mandate as valid payment security measure instead of the letter of credit for allowing schedule of power to Indian Railways."*

- (z) CTUIL has already agreed, in principle, to accept the Letter of Mandate issued by the RBI in lieu of Bank Guarantees for ISTS transmission charges, subject to formal recognition. On 12.09.2024, REMC Limited requested CTUIL to accept the Letter of Mandate for the grant of additional GNA to North Central Railway and connectivity to Southern Railway following discussions where CTUIL had agreed to the arrangement. The only pending requirement is the formal recognition of this arrangement.
- (aa) Any delay in the approval of GNA connectivity to Southern Railways will delay the proposed upgradation of the Southern Railway's Electrical Traction system to a 2x25kV system, which is part of a larger initiative to meet the Indian Railways target of 3000 MT. The completion of this project is projected to result in an annual savings of Rs. 150 crores by availing traction supply through Open Access. Any delay will not only push back the project timeline but also impose an undue financial burden on Southern Railway and, by extension, the public exchequer.
- (bb) The proposed upgradation of Central Railway's traction system from 25kV AC to 2x25kV AC under the PM Gati Shakti Mission is crucial for improving speed and hauling capacity. Availing 50 MW 220kV connectivity at Talegaon Substation is a critical component of this project. Any cancellation or delay in connectivity from CTUIL will severely impact the timely execution of the project, potentially delaying its completion beyond the planned October 2026 deadline and also imposing an

undue financial burden on Southern Railway and, by extension, the public exchequer.

- (cc) The Petitioner apprehends that the cancellation of its connectivity applications is imminent, as CTUIL has already taken coercive steps and terminated the connectivity application of North Central Railway under similar circumstances. Given the existing space constraints and infrastructure limitations at the proposed sites, it is highly improbable that the Petitioner would be able to secure connectivity at the same location if the current applications are cancelled. There is a significant risk that the Petitioner may be unable to obtain connectivity at any other suitable location. In view of the foregoing, the Petitioner prays that this Commission restrains CTUIL from cancelling the connectivity applications during the pendency of the present petition,;as such, any cancellation would cause irreparable harm and damage to the ongoing and future infrastructure projects that are critical to the public interest.
- (dd) Issuance of Bank Guarantees imposes a significant financial burden on Indian Railways. This *inter alia* necessitates depositing an equivalent amount in a fixed deposit with a scheduled commercial bank and payment of an additional 1.5% commission on the amount of Bank Guarantee, resulting in considerable expenditure to the public exchequer. Different zones of the Indian Railway intend to apply for GNA connectivity in multiple sections; requiring Bank Guarantees for each application would multiply the financial burden and divert valuable public resources. Indian Railway has no precedent for issuance of a Bank Guarantee, and this would introduce unnecessary administrative hurdles, further delaying critical project approvals.
- (ee) The Kerala State Electricity Regulatory Commission's Regulations, where a requirement to submit a Bank Guarantee existed, the State Commission has previously exercised its discretion to relax this provision and has permitted the Petitioner to submit a Letter of Mandate instead of a Bank Guarantee.
- (ff) In light of these factors, allowing the Indian Railway to utilize an alternative security mechanism, such as a Letter of Mandate issued by the RBI, would not only mitigate excessive costs but also facilitate smoother implementation of railway projects, thereby better serving the public interest.

(gg) In view of the foregoing, the present is a fit case for the exercise of this Commission's Power to Relax and Power to Remove Difficulty under Regulation 41 and Regulation 42 of the GNA Regulations.

#### **Written Submissions of the Petitioner**

4. Petitioner vide written submission dated 07.10.2024 has submitted a summary of issues outlined in the instant Petition.

#### **Hearing on 10.10.2024**

5. Respondent, CTUIL, submitted that as per the GNA Regulations, the bank guarantee is the only prescribed mode to be submitted towards the application for grant of connectivity/GNA thereunder. The Letter of Mandate issued by RBI has been considered as a payment security mechanism for ISTS charges as the Sharing Regulations provide considering other instruments of payment security mechanism. CTUIL also added that if at all the Commission considers the present case to be a fit case for granting any relief(s), such relief(s) may be given only considering the peculiar facts and circumstances involved in the present case.

6. The Commission vide RoP directed CTUIL to maintain the status quo in respect of the pending applications of the Petitioner for GNA till the issuance of the order and directed the Petitioner to provide clarification on the following:

*“(c) Letter of Mandate issued by RBI dated 2.4.2024 provides that ‘2. The authority of Mandate to debit the Railways account being maintained with the Reserve Bank of India shall be valid and in force for a period of 30 calendar days with effect from the date of close of business on April 30, 2027, and the said mandate is unconditional and irrevocable under any circumstances.’ The Petitioner to clarify on an affidavit within a week from which date is the said Letter of Mandate is valid and till which date it is valid. Explain the reference of 30 days and 30.4.2027.”*

7. The Commission reserved the matter for order.

#### **Submissions of Petitioner**

8. Petitioner vide Affidavit dated 22.10.2024 has mainly submitted as below:

(a) The Letter of Mandate issued by the Reserve Bank of India was intended to be valid and in force for a period up to 30 calendar days after 30.04.2027. The Letter of



Mandate was to be valid and effective from the date of its issuance, i.e., 02.04.2024 up to 30.05.2027.

- (b) The authority conferred by the Letter of Mandate to debit the Petitioner's account maintained with the RBI is unconditional and irrevocable under all circumstances during this period.
  - (c) We clarify and unconditionally undertake that any Letter of Mandate issued by the Petitioner in the future will strictly adhere to the prescribed timelines as per which a corresponding Bank Guarantee (Conn BG-1 and Conn BG-3) is required to be furnished under the Regulation 8.1 and 8.2 of the GNA Regulations read with the Format of the Conn BG accompanying the Detailed Procedure under the GNA Regulations.
  - (d) We further undertake that the Letter of Mandate will remain valid for the entire duration for which a corresponding Bank Guarantee is required under Regulation 8.1 and 8.2 of the GNA Regulations. The authority conferred by the Letter of Mandate to debit the Petitioner's account maintained with the RBI shall remain unconditional and irrevocable under all circumstances throughout this period.
9. Petitioner had filed an IA No. 88 of 2024 vide which Petitioner prayed to grant interim reliefs to restrain the CTUIL from taking any coercive steps against the Applicant Indian Railways in any of its regions, including by way of cancellation or closure of any pending connectivity applications, or from forfeiting the application fees and direct the Respondent to maintain status quo during the pendency of the captioned Petition. We observe that the Petition was heard on 10.10.2024, whereby the Commission vide RoP directed CTUIL to maintain the status-quo in respect of the pending applications of the Petitioner for GNA till the issuance of the order.

### **Analysis and Decision**

10. Petitioner has submitted applications for GNA for 50 MW, 65 MW, and 50 MW in the States of Uttar Pradesh, Tamil Nadu, and Maharashtra, respectively. There have been multiple communications between CTUIL and the Petitioner whereby the Petitioner requested CTUIL to accept a 'Letter of Mandate' issued by RBI in place

of Bank Guarantees, and CTUIL refused to accept the same citing the provisions of the GNA Regulations.

11. Petitioner has submitted that the Ministry of Power's advice dated 06.08.2019 and 28.06.2019 recommended the use of the Letter of Mandate as a Payment Security Mechanism. Petitioner has submitted that Regulation 8.4 of the GNA Regulations itself mandates that Bank Guarantees be issued by a scheduled commercial bank recognized by the RBI; the Letter of Mandate issued by the RBI itself should be deemed acceptable. Petitioner has submitted that other State Electricity Regulatory Commissions and this Commission have, on different occasions recognized and treated a Letter of Mandate as equivalent to a Bank Guarantee for payment security purposes.
12. Respondent CTUIL has submitted that as per the GNA Regulations, the Bank guarantee is the only prescribed mode to be submitted towards the application for grant of connectivity/GNA thereunder, and further, the Letter of Mandate issued by RBI has been considered as a payment security mechanism for ISTS charges as the Sharing Regulations provide considering other instruments of payment security mechanism. CTUIL also submitted that if the Commission considers the present case to be a fit case for granting any relief(s), such relief(s) may be given only considering the peculiar facts and circumstances involved in the present case.
13. We have considered the submission of the Petitioner and the Respondent CTUIL. The following issues arise for our consideration:

**Issue: Whether the Letter of Mandate issued by RBI in respect of Indian Railways is acceptable in lieu of the Conn-BGs under the GNA Regulations?**

We now proceed to analyse the above issues in the succeeding paragraphs.

14. The Relevant extract of the GNA Regulations are as follows:

*"8. Connectivity Bank Guarantee*

*8.1. Connectivity Bank Guarantee shall be submitted by an Applicant in three parts, Conn-BG1 amounting to Rs. 50 lakhs, and Conn-BG2 and Conn-BG3, as provided in Regulations 8.2 and 8.3 of these regulations.*

*8.2...*

*...*

*(b) Conn-BG3 @ Rs. 2 lakh/MW, for the existing ISTS and augmentation without ATS, if any, shall be furnished by the entity.*



(c) Conn-BG1, Conn-BG2 and Conn-BG3, as applicable, shall be furnished within 1 (one) month of intimation of in-principle grant of Connectivity, failing which the application for Connectivity shall be closed and application fee shall be forfeited.

.....  
**8.4 Conn-BG1, Conn-BG2 and Conn-BG3 shall be issued by any scheduled commercial bank recognized by the Reserve Bank of India, in favour of CTU, as per the Format stipulated in the Detailed Procedure for Connectivity and GNA issued in accordance with Regulation 39.1."**

As per the above, for the processing of the application of an applicant, the applicant needs to submit the applicable Conn-BGs, issued by any scheduled commercial bank recognized by the Reserve Bank of India, in favour of CTU, in the Format stipulated in the Detailed Procedure for Connectivity and GNA.

15. The relevant extract of the MoP's letter dated 06.08.2019 issued by the Ministry of Power to the ED, Railway Board on "Payment Security Mechanism for scheduling of power" is as follows:

**MoP Letter dated 06.08.2019 to ED, Railway Board**

*"Subject: Your Letter Ref No 2008/Elect(G)/170/1 Pt III(NTPC/RGPPL)/Vol-II dated 02.08.2019 to Secretary (Power) on subject "Payment Security Mechanism for scheduling of power".*

Sir,

*This has reference to your letter referred to above.*

**2. I have been directed to convey the approval of the competent authority that for the purpose of scheduling as per Ministry of Power's Order dated 28.06.2019, the Letter of Mandate issued by Reserve Bank of India can be considered as Payment Security Mechanism.**

**3. Ministry of Railways is requested to convey the above arrangement to the concerned Load Despatch Centre and Generators and take other necessary actions in this regard"**

As per the above, MoP, in respect of Indian Railways, has recognised the Letter of Mandate issued by the Reserve Bank of India as a Payment Security Mechanism for the purpose of scheduling in terms of the Ministry of Power's Order dated 28.06.2019.

16. Petitioner has submitted that the Finance and Accounts department of Indian Railways does not have a provision for issuance of a Bank Guarantee and as a normal practice, a 'Letter of Mandate' is being issued by the different zones of the Railways towards Payment Security Mechanism.
17. We have perused one of the 'Letter of Mandate' issued by the Reserve Bank of India as filed by the Petitioner under the instant Petition, as under:

“ .....

The General Manager  
Central Transmission Utility of India Limited  
Saudamini, I Floor  
Plot No. 2, Sector - 29  
Gurugram - 122 001 Haryana  
Dear Sir / Madam,

**Forwarding Letter of Mandate**

We are in receipt of an unconditional mandate No. S. No. G.LOM05/SR/2023-24 dated March 26, 2024 (copy enclosed) for 1,30,00,000/- (Rupees One Crore Thirty Lakhs Only) from Sr. Asst. Financial Adviser / Books, Southern Railway (Office of the FA & CAO, Head Quarters, Southern Railway, Chennai - 600003) to debit their account maintained with Reserve Bank of India after a claim/claims in full or part is /are raised to RBI in writing by your office stating that Southern Railway have committed default in settling the dues in respect of Central Transmission Utility of India Limited (CTUIL) relating to availing connections.

**2. The authority of Mandate to debit the Railways account being maintained with Reserve Bank of India shall be valid and in force for a period of 30 calendar days with effect from the date of close of business on September 30, 2028 and the said mandate is unconditional and irrevocable under any circumstances.**

3. We inform that RBI in no case will be a party in any dispute arising between Southern Railway and your office related to the claims submitted by your office.

For and on behalf of RBI

.....”

18. Petitioner vide Affidavit dated 22.10.2024 has submitted as follows:

“9. In this regard, we clarify and unconditionally undertake that any Letter of Mandate issued by the Petitioner in the future will strictly adhere to the prescribed timelines as per which a corresponding Bank Guarantee (Conn BG-I and Conn BG-3) is required to be furnished under the Regulation 8.1 and 8.2 of the Central Electricity Regulatory Commission (Connectivity and General Network Access) Regulations, 2022 ("GNA Regulations, 2022") read with the Format of the Conn BG accompanying the Detailed Procedure under the GNA Regulations.

10. We further undertake that the Letter of Mandate will remain valid for the entire duration for which a corresponding Bank Guarantee is required under Regulation 8.1 and 8.2 of the GNA Regulations, 2022. The authority conferred by the Letter of Mandate to debit the Petitioner's account maintained with the RBI shall remain unconditional and irrevocable under all circumstances throughout this period”.

19. Regulation 8.4 of the GNA Regulations provides for the issuance of Conn-BGs by any scheduled commercial bank recognized by the Reserve Bank of India.

20. We note that the 'Letter of Mandate' is issued by the RBI specifically for Indian Railways, which is a statutory body under the ownership of the Ministry of Railways





of the Government of India. Considering the fact that the Petitioner is a Government body and that it does not have a provision for issuance of a Bank Guarantee through RBI in which it has accounts and the affidavit that a 'Letter of Mandate' issued by RBI shall be unconditional and irrevocable for the period of validity, we are of considered view that specifically in respect of Indian Railways, the 'Letter of Mandate' issued by RBI may be considered in lieu of the Conn-BGs for the purpose of processing the applications for grant of GNA made by the Indian Railways under the GNA Regulations. Thus, we find the case of the Petitioner a fit case to be considered for relaxation under Regulation 41 of the GNA Regulations. The said Regulations vests the Commission with the power to relax any of the provisions of the GNA Regulations to remove the hardship in operation of the GNA Regulations. Regulation 41 of the GNA Regulations is extracted 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."*

21. Considering the above, we direct CTUIL to consider the 'Letter of Mandate' issued by the Reserve Bank of India only in the case of Indian Railways against the requirement of Bank Guarantee under the GNA Regulations. However, all the conditions of the Bank Guarantee are required to be secured once such an instrument is accepted against the Bank Guarantee. Accordingly, it is directed that CTUIL shall finalize the format of submission of 'Letter of Mandate' with Indian Railways within a period of 1 month of the issue of this Order. Accordingly, for any pending application with CTUIL requiring submission of Bank Guarantees, Petitioner may furnish a 'Letter of Mandate' issued by RBI within a period of two weeks after finalization of such format with CTUIL or as per the timeline under the GNA Regulations, whichever is later.
22. It is observed that connectivity applications of North Central Railways and Southern Railways have already been closed by the CTUIL. The petitioner has prayed as follows:

*"Indian Railways shall not be required to file fresh connectivity applications in all cases where the Reserve Bank of India's Letter of Mandate can be furnished and pass consequential directions for the CTUIL to process all of Indian Railways'*

*pending connectivity applications on the basis of Letters of Mandate to be furnished within a reasonable period of time”.*

We observe that provisions of the GNA Regulations are clear about the requirement of Bank Guarantees. Accordingly, any relief granted under this Order shall operate prospectively for applications in process or applications yet to be filed by Indian Railways. Accordingly, no directions are passed for the GNA applications of the Indian Railways, which have already been closed by CTUIL.

23. The dispensations given in the instant Order are in the facts and circumstances of the instant case and shall be applicable only to Indian Railways.
24. The issue is answered accordingly.
25. Accordingly, Petition No. 359/MP/2024, along with IA No. 88 of 2024, is disposed of in terms of the above.

**Sd/  
(Harish Dudani)  
Member**

**Sd/  
(Ramesh Babu V.)  
Member**

**Sd/  
(Jishnu Barua)  
Chairperson**

