Leading Through Innovation

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To,
Shri Harpreet Singh Pruthi
The Secretary,
Central Electricity Regulatory Commission,
7th Floor, World Trade Centre,
Tower B, Naurojinagar, New Delhi-110029

Sub: Comments on Staff Paper on Proposal for allocation of Connectivity granted (on LOA route) where the signing of the PPA/PSA is getting delayed

Dear Sir,

At the outset of, we are grateful to Hon'ble Central Electricity Regulatory Commission for issuing Staff Paper on Proposal for allocation of Connectivity granted (on LOA route) where the signing of the PPA/PSA is getting delayed.

We ACME Solar Holdings Limited are grateful to the Hon'ble CERC for providing the opportunity to submit our comments to the Staff Paper on Proposal for allocation of Connectivity granted (on LOA route) where the signing of the PPA/PSA is getting delayed.

We hereby submit our comments for your kind consideration.

Thanks & Regards,
For and on behalf of ACME Solar Holdings Limited



Tushar Goyal
(Vice President)

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Comments on CERC Staff Paper

Proposal for Allocation of Connectivity Granted on LoA Route where Signing of PPA/PSA is Delayed

The Central Electricity Regulatory Commission ("CERC") has issued the above-referenced Staff Paper based on inputs received from the Ministry and CTUIL, primarily to address the issue of delay in signing of PPAs/PSAs for projects that have been granted Connectivity on the basis of Letter of Award ("LoA") and resultant delay in connectivity utilisation. The overarching objective of the Staff Paper is to prevent squatting of Connectivity, which is a scarce national resource, while ensuring timely development of generation projects and efficient utilisation of the transmission system.

We, ACME Solar Holdings Ltd. as a Renewable Energy Developer, appreciate the intent of the Commission and submit the following detailed comments and suggestions, supported by in-depth rationale, for kind consideration.

2.1 Details of the Issue

The Staff Paper broadly provides three options that entities may exercise to ensure better grid utilisation and to avoid squatting of connectivity. These include: (i) exit from the LoA route without surrendering connectivity; (ii) substitution of the LoA with a PPA signed under another LoA; and (iii) surrender of connectivity. Through the Staff Paper, CERC has acknowledged that PPAs have not been signed for a significant quantum of capacity, resulting in sub-optimal utilisation of connectivity granted on the basis of LoAs.

However, we would like to bring to the information of this Hon'ble Commission that apart from the non-signing of PPAs, changes in project configuration post issuance of LOA or signing of PPA represent another legitimate and practical challenges faced by developers, which may necessitate the exercise of options similar to those proposed by CERC in the Staff Paper as there is a significant quantum of connectivity that may get utilised in some other project either by grantee or a new applicant.

Rationale

- The renewable energy sector is undergoing rapid technological evolution and continuous optimisation of project design. Developers routinely reassess project configurations to improve efficiency, reduce costs, and enhance grid compatibility, often without any change to their contractual obligations under the PPA.
- For instance, the adoption of Battery Energy Storage Systems (BESS), hybrid project configurations, or advancements in inverter technologies can substantially reduce the connectivity requirement for the same contracted capacity. In such scenarios, developers may voluntarily seek to exercise the options proposed in the Staff Paper to avoid over-reservation of grid capacity.
- The bidding guidelines and REIA bid documents permit change of configuration until financial closure which is 18 months from PPA signing.
- If such cases are not considered by CERC on the same footing as envisaged in the Staff Paper, developers may be disincentivised from optimising their projects and may

continue to retain surplus connectivity, which would be counterproductive to efficient grid utilisation.

- Illustration:
  - Developer 'A' is implementing a FDRE project with contracted capacity of 300 MW and installed capacity as 600 MW along with some capacity of BESS.
  - Later Developer 'A' revises its configuration to 300 MW RE along with increased capacity of BESS.
  - In first scenario, 600 MW connectivity is required while in second case, only 300 MW connectivity is required. The balance 300 MW LOA based connectivity may be allowed to get utilised by some other project.

Suggestion

- It is suggested that entities undertaking changes in project configuration should also be permitted to exercise the options provided under the Staff Paper. This represents a genuine issue faced by developers and warrants a mechanism similar to that outlined in the Staff Paper. Such an approach would promote efficient use of transmission infrastructure, release surplus connectivity for other projects, and align with CERC's objective of optimal grid planning.

Proposal 1: Connectivity granted on the basis of LoA where signing of PPA is delayed

<u>Option – I: Exit from LoA Route without surrendering Connectivity</u>

Issue 1: CERC proposes LOA exit is mandatory within one month in order to avail option I

Issue/Comment:

Under Option I, the Staff Paper proposes that if an entity exits from the LoA route, the LoA on the basis of which Connectivity was granted shall become invalid and may be terminated by the concerned REIA. Thus, LOA exit/termination is mandatory in Option-1. However, it is suggested that such condition should not be made mandatory.

Rationale:

- It is pertinent to understand that, in some cases the developers could be in advanced stages of discussion of finalisation/executing PPA, if in this scenario entity seeks to exercise option I, it would be mandatory to exit from the LOA which could potentially be transformed into a PPA soon.
- Further, even in press releases/ advisory issued by MNRE/MoPs, it is advised that untied LoA should be seen on case to case basis and evaluated, no blanket cancellation will happen. Wherein, REIAs have been advised to carry out due diligence by reviewing and categorizing such cases based on the likelihood of securing PSAs with end procurers. This assessment would consider multiple factors, including the configuration of renewable energy envisaged to be supplied under the bid, the discovered tariff for supply of renewable power and the expected timeline for connectivity. Following this review, only those LoAs with minimal or no prospects of PSA execution may be considered for cancellation on a case-to-case basis.

- The primary concern identified by CERC and CTUIL is the squatting of Connectivity, and not the mere existence of an LoA. Connectivity is the scarce and critical grid-linked resource, whereas an LoA is a commercial document issued by a REIA based on a specific procurement process. Therefore, the regulatory focus should remain on ensuring that Connectivity is utilised in a timely and efficient manner, rather than mandating automatic cancellation of the LoA.
- Further, retention of an LoA is fundamentally a commercial and business decision of a developer. There may be multiple legitimate reasons why a developer would want to keep an LoA alive—for example, for an alternate project, restructuring of offtake arrangements, or alignment with evolving market conditions. Forcing termination of an LoA unnecessarily restricts commercial flexibility and may adversely impact project bankability.
- It is also relevant to note that there is no existing policy or regulatory framework under CERC, CTUIL, or REIAs that mandates compulsory exit or termination of an LoA merely due to delay in signing of a PPA. Untied or delayed capacities have historically been examined on a case-to-case basis, considering the merits of each project.

Suggestion: LOA Route for connectivity may be terminated instead of LOA exit.

- Termination or invalidation of LoA should not be mandatory under Option I. This approach would adequately address squatting concerns while preserving commercial and regulatory certainty. **It is therefore suggested that instead of LOA exit or termination, LOA route may be terminated for the purpose of connectivity and developer may continue with LOA as per its business decision and status of PPA discussions with REIA/DISCOM.**

Issue 2 (Option I (ii)): Requirement of PBG of ₹10 lakh/MW to avail Option I

Issue/Comment:

The Staff Paper proposes a Performance Bank Guarantee (PBG) of ₹10 lakh/MW for availing Option I in all cases. The underlying objective of requiring submission of a PBG appears to be to ensure the seriousness and commitment of developers seeking to retain connectivity. It is suggested that to analyse the seriousness of developer, three routes/project indicators as prescribed in GNA regulations be made applicable.

Rationale

- Under the existing GNA Regulations, three routes are recognised for securing connectivity: (a) on the basis of an LoA; (b) submission of land documents for 50% of the required land; and (c) submission of land-related Bank Guarantees. A similar, differentiated approach may be adopted under the Staff Paper with respect to the requirement of PBG, as it would adequately demonstrate the seriousness of project developers while avoiding unnecessary financial burden. Accordingly, the following framework is suggested:

a. Submission of PPA in lieu of PBG

Developers should be permitted to submit an executed PPA (and not an LoA) in lieu of furnishing a PBG. Execution of a PPA itself demonstrates a high level of project seriousness. Further, under PPAs, developers are already required to furnish substantial PBGs, typically in the range of ₹15–40 lakh/MW depending upon type of technology. Imposition of an additional ₹10 lakh/MW PBG in all cases would therefore create an avoidable financial burden without commensurate benefit to the system.

b. Submission of 50% land documents

Submission of registered land documents for 50% of the required land, as recognised under the GNA Regulations, is a strong indicator of project maturity and developer commitment. Developers opting for this route should be exempted from furnishing an additional PBG.

c. Submission of Connectivity-related Bank Guarantees

In cases where a developer is unable to avail either of the above two options, furnishing of a PBG may be mandated. In such cases, the requirement of a PBG would appropriately link the retention of connectivity with the demonstrated seriousness of the developer.

Suggestions (Category-wise)

- The Connectivity Bank Guarantees (Conn-BG1, Conn-BG2, and Conn-BG3) already furnished by the entity shall continue to remain valid. In addition, such entities shall be required to furnish any one of the following:

  a. An executed PPA entered into with:

  (i) a Renewable Energy Implementing Agency; or
  (ii) a distribution licensee; or
  (iii) an authorised agency acting on behalf of a distribution licensee; or
  (iv) a Central Government–approved third party acting as an authorised representative of a generating station (other than a REGS replacing its scheduled generation with power supplied from another REGS), pursuant to tariff-based competitive bidding;

  Or

  b. A registered title deed as proof of ownership, lease rights, or land use rights **for 50% of the land** required for the capacity for which connectivity is sought;

  Or

  c. For a capacity up to 1000MW - **Bank Guarantee of Rs. 10 lakh/ MW** and for a capacity more than 1000MW - Bank Guarantee of Rs. 100 Crore plus Rs. 5 lakh/MW for capacity over and above 1000MW, in lieu of ownership or lease rights or land use

rights of land for 50% of the land required for the capacity for which Connectivity is sought subject to provisions of Regulations 11A and 11B of the GNA regulations.

Issue 3 (Option I (iii)): SCOD of 18 months from conversion is unrealistic

Issue/Comment:
The Staff Paper proposes that the Scheduled Commercial Operation Date (SCOD) from the date of conversion shall not be later than 18 months.

Rationale:

- From a practical standpoint, 18 months is insufficient for execution of large renewable projects, especially considering land acquisition, statutory approvals, supply chain constraints, and transmission system readiness. Most PPAs executed in the sector provide for **24 months SCOD**, reflecting realistic project development timelines.
- Further, Connectivity may be granted, but the associated transmission system or GNA effectiveness may become effective at a later date. Imposing SCOD independent of system readiness unfairly penalises developers.

Suggestion:

- SCOD should be **24 months from the date of conversion or from the date of GNA effectiveness, whichever is later**, ensuring fairness and alignment with PPA provisions.

Issue 4(Option I (v)): Timelines for submission of land documents and achievement of Financial Closure

Issue/Comment:
The Staff Paper requires submission of land documents within 12 months and achievement of Financial Closure (FC) within 15 months from conversion.

Rationale:

- While the 12-month timeline for land submission may be manageable, achieving FC within 15 months is challenging due to lender due diligence, evolving market conditions, and regulatory clearances. Overly aggressive timelines increase the risk of technical non-compliance without materially reducing squatting.

Suggestion:

- Land documents: within 12 months (acceptable)
- Financial Closure: **within 18 months from conversion**

Issue 5(Option I (vii)): Treatment of cases where revocation is triggered for reasons not attributable to developers

Issue/Comment:

The Staff Paper states that in cases where revocation of connectivity has been triggered, such cases shall be dealt with in accordance with the GNA Regulations and, accordingly, would not be covered under any of the options provided in the Staff Paper. However, it is relevant to note that there may be instances where revocation of connectivity has already been triggered due to the exact reasons that are expressly acknowledged and addressed in the present Staff Paper. Therefore, such cases where connectivity revocation is triggered must also be considered as per present staff paper.

Rationale

- The proposals contained in the Staff Paper do not extend to cases where revocation of connectivity has already occurred in the past on account of delays that are now recognised under the Staff Paper, such as delays in execution of PPAs. Entities that have previously faced revocation of connectivity due to such delays should also be afforded a similar opportunity to exercise the options contemplated in the Staff Paper. Excluding such cases from the scope of the proposed framework would be inequitable and contrary to the principles of natural justice.

Suggestion

- Entities for whom the revocation date has already been triggered due to non-submission of Financial Closure documents or failure to achieve COD should also be treated in accordance with the framework specified in the present Staff Paper. Such entities should be permitted to exercise Option I (exit from the LoA route without surrender of connectivity), Option II (substitution of the LoA with a PPA), or Option III (surrender of connectivity), based on their commercial feasibility. Until the finalisation of staff paper, an interim order be passed directing no revocation till such date.

Issue 7(Option I (ix)): Quantum and applicability of Milestone Extension Charges (MEC)

Issue/Comment:

The proposed Milestone Extension Charges (MECs) of ₹5,000/MW/day for delay in COD and ₹1,500/MW/day for delay in submission of land documents or achievement of Financial Closure are excessive and disproportionate.

Rationale:

- Where an entity fails to furnish land documents or achieve Financial Closure within the stipulated timeline, it is proposed that such entity may seek an extension of up to three months upon payment of MECs of ₹1,500/MW/day is proposed in present staff paper. This level of charge should be aligned with the penalty framework prescribed in PPAs for similar milestone delays, where the applicable charge is typically

₹1,000/MW/day. Further, PPAs generally provide that if the entity achieves the COD within timelines, then the extension charges for interim milestones will be refunded. A similar approach would ensure parity and fairness.

- Similarly, for cases where entity fails to achieve COD of the project within stipulated timeline, such entity shall be permitted to seek additional time upto 6 months with payment of ₹5,000/MW/day is proposed in present staff paper. This charge is disproportionately high. Instead, compensation for such delays may be linked to the existing Connectivity Bank Guarantees (Conn BGs).
- By way of illustration, for a 300 MW project, developers are required to furnish Connectivity Bank Guarantees (Conn BGs) of ₹9.5 crore. An equivalent amount of compensation could be recovered on a per-day delay basis the time period mentioned in staff paper that is six months. This would translate into an effective charge of approximately ₹1,759/MW/day. This approach is both practical and equitable, as CTUIL already has the power to encash Conn BGs in case of milestone non-compliance. Imposing additional MECs at significantly higher rates would therefore result in double penalisation for the same delay.
- It is also pertinent to note that this compensation methodology linking delay charges to the value of Conn BGs on a per-day basis has been adopted by the Commission in recent orders, thereby providing regulatory precedent.
- Further, a per-day compensation mechanism inherently creates a "ticking clock" for developers, incentivising timely commissioning and milestone achievement without imposing punitive or commercially unviable penalties.

Suggestions:

- If the entity fails to furnish the required land documents or the Financial Closure document within the stipulated timeline, such entity shall be permitted to seek additional time of up to three months with payment of Milestone Extension Charges (MEC) @ Rs 1000/MW/per day for each such milestone. Such charges shall be paid on a per-day basis and 15 days in advance for the next 30 days.

- Provided that if the entity achieves the COD within timelines, then the extension charges for interim milestones will be refunded.

- If the entity fails to achieve the CoD of the project within the stipulated timeline, such entity shall be permitted to seek additional time of up to six months with payment of MEC @ Rs 1759/MW/day. Such charges shall be paid on a per-day basis and 15 days in advance for the next 30 days.

- Further, provided that MEC should be applicable only after the GNA has become effective, as prior to system readiness there is no actual squatting of Connectivity and no adverse impact on grid utilisation.

Option – II: Substitution of LoA with PPA signed under another LoA

Issue 1 (Option II (i)): Requirement for minimum six-month difference between firm start dates of substituted LOA

Issue/Comment:
An entity may opt for substitution of the LoA1, with a PPA signed under another LoA2, with the condition that the firm date of start of connectivity of LOA2 is at least 6 months later than the firm start date of connectivity of LOA1. The proposed 6-month minimum gap is restrictive.

Rationale:

- Under most PPAs, developers are provided a commissioning timeline extending up to COD plus six months, commonly referred to as the long-stop date. If the proposed six-month gap between the connectivity start dates is strictly enforced, it would coincide with the long-stop date, leaving no operational or commercial buffer for developers to exercise the substitution option.
- Replacing the six-month requirement with a shorter duration, such as three months, would provide developers with a reasonable window to exercise the substitution option while still meeting the underlying objective of ensuring timely utilisation of connectivity.
- A rigid six-month requirement may result in the exclusion of otherwise genuine and commercially viable substitution cases.

Suggestion:

- It is suggested that an entity may be permitted to opt for substitution of LoA-1 with a PPA signed under another LoA-2, provided that the firm date of commencement of connectivity under LoA-2 is at least three months later than the firm date of commencement of connectivity under LoA-1.

Issue 2(Option II(iii)): One-month window to exercise the substitution option is unduly restrictive

Issue/Comment:
The provision restricting the exercise of the substitution option to a period of only one month significantly limits its practical utility and, in effect, renders the option largely ineffective for most developers. It is therefore suggested that this period be extended to at least six (06) months. In practice, identifying a buyer typically takes 8–10 months, followed by an additional 4–6 months to obtain the necessary approvals from the State Electricity Regulatory Commissions (SERCs) under Section 86(1)(f) for power procurement and buyer finalization.

Rationale:

- Providing a six-month window for submission of the PPA would offer a more realistic and workable framework for developers exercising this option. The submission of a PPA is a critical and sacrosanct milestone, as it represents the strongest evidence of a

developer's commitment to project execution. Notably, more than 95% of projects to date have been implemented under the PPA-based model, underscoring its credibility and effectiveness in ensuring serious project development.

- In practice, execution of PPAs is a time-intensive process involving multiple stakeholders, including offtakers, lenders, SERC approvals and internal approvals. Even in cases where negotiations are at an advanced stage, finalisation and signing of PPAs typically require three to six months. Imposing a rigid one-month window does not reflect commercial realities of the sector.

  As a result, developers who are genuinely progressing towards execution of a PPA would be compelled to prematurely opt for either:

  - surrender of Connectivity under Option III, or
  - conversion to alternate routes under Option I,

  even though there exists a reasonable likelihood of the PPA being executed within a short additional period. Such an outcome would be inequitable and contrary to the objective of facilitating timely utilisation of Connectivity.

- Moreover, this restriction would disproportionately disadvantage developers who are acting in good faith and have already undertaken substantial project-related activities, including land identification, preliminary engineering, and financial structuring.

Illustration:

- An entity A who seeks to exercise this option at the end of 12th month, would be forced to seek either option I where it would have to terminate or exit from LOA or Option 3 where it has to surrender connectivity, because of the strict timeline of '1 month'.
- Such entity should be allowed to submit PPA within 06 months from the end of such period.

Suggestion:

- The one-month period should be increased to 06 months as follows:

  An entity that has been granted Connectivity on an LoA1 basis, within **six months**, may seek to substitute the original LoA1 with a PPA signed under LoA2 issued by the same REIA or a different REIA. PPA under LOA2 could be a 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.

Issue 3 (Option II (Xii): Milestone Extension Charges applicable for delay in achieving Financial Closure

Issue/Comment:

The proposed Milestone Extension Charges (MEC) of ₹1,500/MW/day for delay in achieving

Financial Closure are on the higher side and may impose an undue financial burden on developers.

Rationale:

- This imposition of charges should be aligned with penalty as imposed in PPAs for similar milestone achieving delay, wherein it is prescribed the charges should be ₹1,000/MW/day. Further, it also mentions that if entity achieves the COD within timelines, then the extension charges for interim milestones will be refunded.
- While it is reasonable for the Commission to impose charges to ensure adherence to timelines and to discourage undue delay, such charges should be calibrated to remain reasonable and proportionate and should be aligned with prevailing market and bid document practices.

Suggestion:

- Extension of timeline to achieve Financial Closure - If the entity fails to achieve Financial Closure within the stipulated timeline, such entity may seek additional time of up to three months, subject to the payment of Milestone Extension Charges (MEC) @ Rs 1000/MW/per day. Such charges shall be paid on a per-day basis and 15 days in advance for the next 30 days. Provided that if the entity achieves the COD within timelines, then the extension charges for interim milestones will be refunded.

Option – III: Exit from Connectivity

Issue 1: Need for clarity on the 'within one month' timeline

Issue/Comment:
The Staff Paper provides that an entity may apply for exit from Connectivity "within one month"; however, the trigger point for commencement of this one-month period has not been clearly specified.

Rationale:

- In the absence of a clearly defined trigger event, there is ambiguity regarding the commencement of the one-month timeline. Such ambiguity may lead to inconsistent interpretation and unintended non-compliance by developers who are otherwise acting in good faith.
- Given the diversity of factual circumstances under which developers may seek to surrender Connectivity, a rigid and undefined timeline may not be appropriate in all cases.

Suggestion:

- The Commission may explicitly clarify the event from which the one-month timeline shall commence, such as issuance of a specific notice or communication by CTUIL or completion of 12 month period.

- Further, applications for exit from Connectivity should be examined and decided on a **case-to-case basis**, taking into account the reasons for surrender and the stage of project development.

Issue 2: Proposal for auction of surrendered Connectivity

Issue/Comment:
The proposal to allocate surrendered Connectivity through an auction mechanism should not be adopted.

Rationale:

- An auction-based allocation of surrendered Connectivity is likely to disproportionately favour entities with significant financial resources, enabling them to accumulate Connectivity capacity irrespective of their actual readiness or ability to deploy projects in a timely manner. Such an approach risks creating market concentration and monopolistic tendencies in the sector.
- Further, smaller and mid-sized developers despite possessing strong technical capability and project execution experience may be effectively excluded from accessing Connectivity due to financial constraints. This would undermine competition, reduce diversity in the sector, and run counter to the broader policy objective of encouraging widespread participation in renewable energy development.

Suggestion:

- The provision relating to auction of surrendered Connectivity should be **deleted** from the framework.
- Instead, surrendered Connectivity should, on a priority basis, be allocated to **Green Hydrogen and Green Ammonia projects with executed offtake agreements**, in order to support the objectives of the National Green Hydrogen Mission and to align with policy directives aimed at enabling emerging clean energy sectors.
- Further, it is suggested that the surrendered quantum of connectivity shall be added in the pool of Fresh connectivity, that could be applied for by the developers under regular routes.

Proposal 2: Grant of Fresh Connectivity in the Future

Option – I: Allow only specified PPA (and remove LoA route)

Comment:
This proposal is supported.

Rationale:

- Restricting the grant of Connectivity in future to clearly defined and verifiable routes namely the PPA route, land route, and land with Bank Guarantee route would significantly reduce speculative applications and discourage non-serious entities from

blocking scarce grid capacity. Such an approach would ensure that only committed and project-ready developers are granted Connectivity, thereby enhancing certainty in transmission planning and promoting efficient utilisation of the grid.

Option – II: Grant Connectivity only through auction

Comment:
This proposal is not supported.

Rationale:

- Granting Connectivity exclusively through an auction mechanism would likely result in monopolisation of Connectivity by financially dominant entities, without necessarily ensuring timely project development or optimal grid utilisation. Such an approach could adversely impact sectoral diversity, limit competition, and discourage innovation by smaller and emerging developers who contribute meaningfully to the renewable energy ecosystem.

Additional Comment

1. **Extension of milestone under the present framework of GNA Regulations**

Issue:

At present, a significant number of renewable power developers are facing challenges in achieving key milestones, including submission of land documents, FC compliance, and adherence to commissioning timelines. As a result, the Commission is receiving a large number of petitions seeking relaxation of timelines prescribed under the GNA Regulations.

Suggestion:

To address this issue in a systematic and uniform manner, it is suggested that the milestone extension charges proposed in the present staff paper be formally incorporated into the GNA Regulations. This would ensure consistency in treatment across the industry and reduce the need for case-by-case relaxation petitions.

The suggested charges are as follows:

a) Delay in submission of land documents / FC compliance: Rs. 1,000 per MW per day
b) Delay in achieving COD: Rs. 1,759 per MW per day

2. **Practical and Implementation Challenges under the GNA Regulations, 2022 (as amended)**

Issue: Difficulty in Compliance with the Requirement of Submission of 50% Land Documents

A key feature of the amended framework under the GNA Regulations, 2022 is the flexibility introduced through Regulation 15.1, which permits the utilisation of granted connectivity

by a parent company, its subsidiaries, or other subsidiaries under the same parent. This provision was intended to promote efficient project execution and optimise resource utilisation within a corporate group.

However, the practical implementation of certain other provisions namely:

- Regulation 11A (compliance requirements),
- Transfer of connectivity under Regulation 15(3), and
- Conversion of route under Regulation 11A(4),

continues to give rise to interpretational and procedural challenges for both developers and CTUIL. As currently applied, these provisions appear to be misaligned with the intent and flexibility envisaged under Regulation 15.1, particularly in relation to land ownership and documentation requirements.

Suggestion:

It is requested that the Commission issue an appropriate clarificatory advisory or order permitting sub-leasing of land for the purpose of compliance with land-related requirements as sub-leasing is already allowed under REIA bids and competitive bidding guidelines by MoP. Permitting sub-leasing would align with the intent of Regulation 15.1 and would significantly ease the prevailing compliance challenges faced by developers.

A detailed note explaining the issue, supported by flowcharts, is enclosed as Annexure–1 for the Commission's reference.

A detailed paper highlighting the issue with help of flow charts is attached herewith as Annexure 1 for Commission's reference.

Conclusion

We respectfully submit that the above suggestions strike a careful and balanced approach between the Commission's objective of preventing squatting of Connectivity and the equally important need to ensure regulatory certainty, fairness, and efficient utilisation of transmission infrastructure. Incorporation of these refinements would strengthen investor confidence, promote healthy competition, and support timely development of renewable energy projects, while fully aligning with the Commission's stated objectives.

Practical and Implementational Difficulties in the GNA Regulations, 2022 (as amended)

1. Introduction

- The GNA Regulations, 2022 ("Regulations") were introduced with the objective of bringing clarity, uniformity, and predictability in the grant, utilisation, transfer, and conversion of Grid Connectivity for Renewable Energy Generating Stations (REGS). Over time, amendments particularly the 3rd Amendment have attempted to streamline practical issues faced by developers.

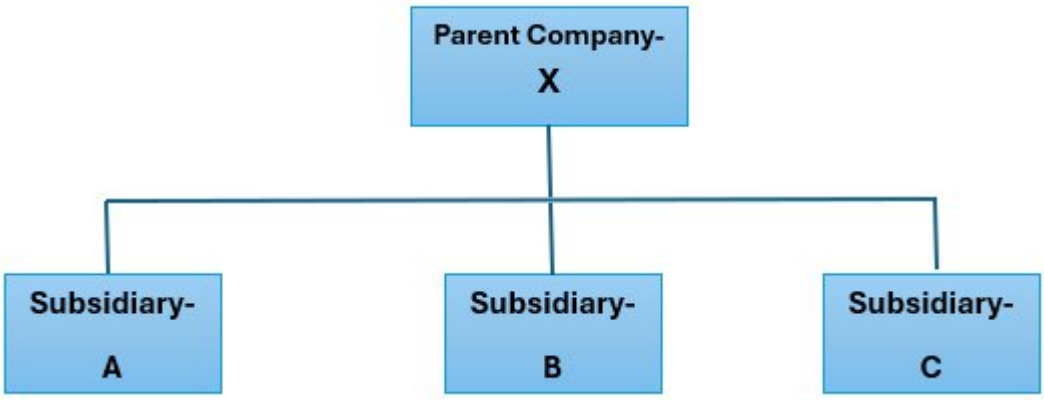
- A key feature of the amended framework is that connectivity granted to an entity may be utilised by its parent, its subsidiaries or its other subsidiaries having same parent, allowing flexibility during project execution *(Regulation 15.1 of GNA Regulations)*.

- This was a much-needed step, especially because land acquisition which is initiated immediately after connectivity grant is a long-lead and capital-intensive activity.

- However, practical implementation of other parts of the Regulations (Reg. 11A compliances, transfer under Reg. 15(3), and conversion of route under Reg. 11A(4)) continues to create interpretational impediments for developers and CTUIL as it appears to be inconsistent with Regulation 15(1) of GNA Regulations.

2. Intent of Regulation 15(1): Regulation 15(1) expressly allows utilisation of connectivity between parent, subsidiary and other subsidiary having the same parent company.

- **Illustration of Regulation 15(1):**



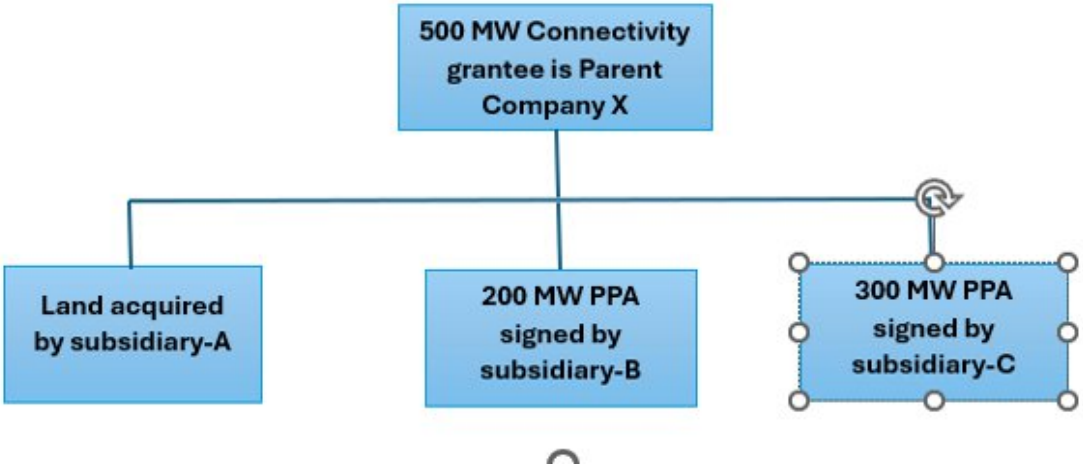
i. Connectivity granted to Parent company X can be utilised by subsidiaries A, B or C.
ii. Connectivity granted to subsidiary company A can be utilised by X, B or C.

- The above mechanism is aligned with MoP bidding guidelines and REIA/Discom bids wherein projects can be executed by subsidiary company of the bidding company. Developers are required to give shareholding pattern before PPA signing as bidding company must hold at least 51% shareholding in such subsidiary company.

3. Practical difficulties in complying with 11A(5), 11A(4) and 15(3) regulations and its inconsistency with Regulation 15(1) and MoP Bidding guidelines/REIA bids is as below:

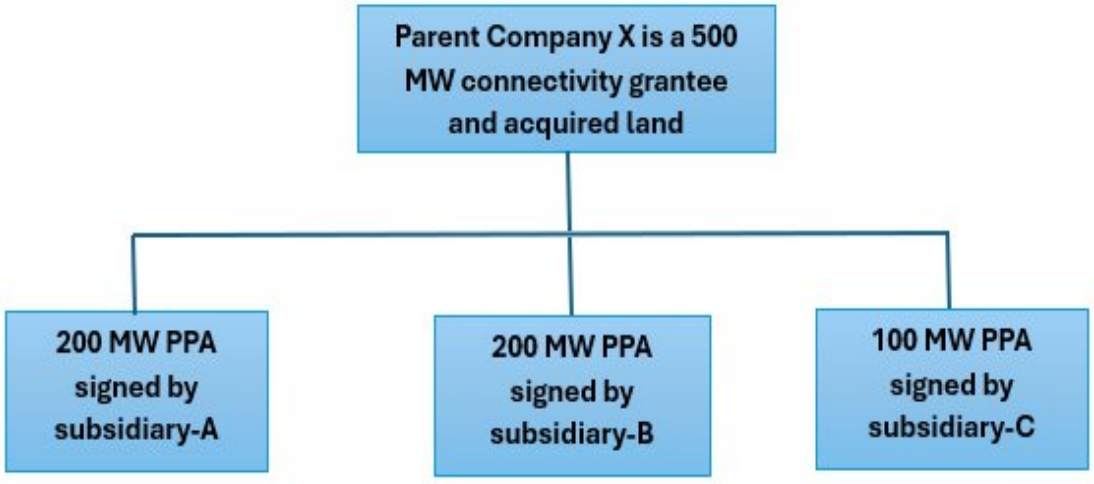
- Typically, RE developers obtain connectivity at parent company level and post obtaining in-principal grant, they start acquiring land in one of its subsidiary companies as it's a time-consuming activity. Land acquisition starts immediately after obtaining connectivity. Thereafter, RE developers participates in various bids and secures single project or multiple projects under various bids. Accordingly, PPAs from such different subsidiary companies are signed.

- **Scenario-1: Parent company is a connectivity grantee, and land is acquired by one of its subsidiary companies, but the PPA is signed in parts by other subsidiaries:**



- Reg 11 (A)- Permits condition subsequent and achieving COD by **only** subsidiary A.
- Reg 15(1)- Permits utilisation by subsidiary A, B or C.
- Reg 15(3)- Permits transfer after COD to only subsidiary which submitted FC.
- REIA bids- Permits sublease/Right to use land acquired by A to either B or C.

- **Scenario 2 – Parent company is a connectivity grantee and also acquired land, but the PPA is signed in parts by its subsidiaries:**



- Reg 11 (A)- Permits condition subsequent and achieving COD by **only** Parent company -X.
- Reg 15(1)- Permits utilisation by subsidiary A, B or C.
- Reg 15(3)- Permits transfer after COD to only subsidiary which submitted FC.
- REIA bids- Permits sublease/Right to use land acquired by X to either A, B or C.

6. Core Problem: Misalignment of Intent Across various Regulations of GNA Regulations

Although Reg. 15(1) clearly permits interchangeable utilisation between parent–subsidiary-other subsidiary having same parent company, but other regulations specially 11A(4), 11A(5) and 15(3) doesn't permit between parent–subsidiary-other subsidiary having same parent company leading to inconsistencies.

Regulation	**Intent**	**Practical difficulties**
15(1)	Utilisation allowed within parent and subsidiaries companies	Flexible project execution within same parent and subsidiaries companies.
11A(5)	Condition subsequent and achieving COD tied to same company	As sublease is not allowed unlike REIA bids, it becomes difficult to achieve COD from the same subsidiary where condition subsequent is submitted as PPA can be signed by multiple subsidiaries or another subsidiary. Thus, it is inconsistent with 15(1).
11A(4)	Only connectivity grantee may convert connectivity from BG or land to LOA	Subsidiary company or other subsidiary having the same parent cannot avail route conversion from BG or land to LOA. Thus, it is inconsistent with 15(1).
15(3)	Transfer only to entity whose FC/COD docs used	PPA may be signed by other subsidiary, thus, transfer of connectivity is not possible. Thus, it is inconsistent with 15(1).
REIA Bids	Permits sublease/Right to use	Flexible and timely project execution as land can be acquired in advance before PPA signing and thereafter sublease to subsidiaries signing PPA.

7. Final Recommendations / Proposed Solutions

I. **Uniform Intent and Provisions Across GNA Regulations**
All provisions i.e. 11A(4), 11A(5) and 15(3) should align to Regulation 15(1): Connectivity should be treated as transferable/ utilizable/11 A compliances/Conversion of route within the parent ↔ any subsidiary ↔ other subsidiaries having same parent).

II. **Allow submission of 11 A Compliances by Parent or its subsidiary or other subsidiary having the same parent company**

For 11A compliance, FC, land CS, and COD requirements should be permitted to be met by Parent or its subsidiary or other subsidiary having the same parent company in accordance with intent of regulation 15(1) which provides utilisation by said companies.

III. **Allow transfer of connectivity after COD under regulation 15(3) to the company which is utilising the connectivity under regulation 15(1).**

IV. **Allow conversion of route from BG or Land to LOA by Parent or subsidiary or subsidiary having the same parent company under 11A(4).**

V. **Allow Sub-Leasing of Land (Critical Practical Solution)**

CTUIL's advisory (27.09.2024) rejects sub-lease deeds for land compliance.
However:

- Bid documents issued by REIAs allow sub-leasing.
- Sub-leasing allows the SPV implementing the project to hold land rights.
- This aligns with 15(1) intent and cures most compliance bottlenecks.
- CTU has already developed a portal wherein the land coordinates- khasra number, survey number submitted by entity is locked and cannot be duplicated. Similar mechanism may also be followed in case of sub-lease or right to use to avoid duplicity of land documents.