DATTA INFRA

DATTA POWER INFRA PRIVATE LIMITED

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To

The Secretary,
Central Electricity Regulatory Commission,
6th, 7th & 8th Floors, Tower B, World Trade Centre,
Nauroji Nagar, New Delhi-110029

Ref: Staff paper on Proposal for allocation of Connectivity granted (on LOA route) where the signing of the PPA/PSA is getting delayed ("**Staff Paper**").

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

1. Introduction

Datta Power Infra Private Limited ("**DPIPL**") along with its affiliates/subsidiaries, are renewable energy developers and Connectivity Grantees under the Letter of Award ("**LoA**") route as provided under the Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2022 ("**GNA Regulations**"), directly affected by the issues discussed in the Staff Paper. We are currently facing significant project uncertainty due to delays in the signing of our Power Purchase Agreements ("**PPAs**") by the concerned Renewable Energy Implementing Agency ("**REIA**"), a matter for which we have sought relief from this Hon'ble Commission and the Central Transmission Utility of India Limited.

Our comments provided herein are from the perspective of *bona fide* developers who have diligently fulfilled all its obligations under the GNA Regulations, including the timely submission of substantial bank guarantees, and remains fully committed to executing its projects once the PPAs are signed.

While the Staff Paper acknowledges the problem i.e., in regard to the delay of signing of PPAs of Connectivity Grantees, the options do not adequately address the core need of committed developers like DPIPL along with its affiliates/subsidiaries, which is not to exit or alter the project, but to secure a reasonable and equitable extension of regulatory timelines that are rendered impossible to meet due to delays beyond our control. The underlying premise of the proposals appears to place the onus and financial burden of the PPA delay on the developers, despite the fact that the delay originates from the REIA or other downstream entities. A more equitable framework would be one that protects developers who have acted in good faith, rather than penalising them. Our detailed comments are as under:

2. General Comments

- We appreciate the intent to free up unused connectivity and reallocate it to committed developers.



- However, the proposed mechanism must balance regulatory oversight with practical challenges faced by developers, particularly delays in PPA signing, which are largely beyond the control of project developers.

- The proposals set forth in the Staff Paper, while ostensibly aimed at optimising transmission infrastructure, are fundamentally anti-competitive in nature and threaten to dismantle the level playing field essential for the growth of the renewable energy sector. The entire framework is constructed on a premise that places an unjust and disproportionate financial burden on developers for delays in PPA signing—a factor that lies entirely outside their control. By proposing exorbitant measures such as the mandatory furnishing of additional multi-crore Performance Bank Guarantees, the imposition of punitive per-day Milestone Extension Charges ("**MEC**"), and the constant threat of encashment of multiple securities, the Staff Paper creates a high-risk, capital-intensive barrier to entry. This environment inherently favours large, established corporations with deep financial reserves that can absorb such punitive costs and risks as a matter of course.

- Conversely, this framework works directly against the interests of new entrants, small players, and MSMEs, who operate on tighter capital flows and cannot withstand such severe financial shocks. For these entities, the encashment of even a single bank guarantee can be crippling, let alone the "double jeopardy" of having both Conn-BGs and a new PBG encashed for a single default event not of their making. The proposals ignore the reality that securing a LoA is already the culmination of a rigorous and expensive process that proves a developer's seriousness and commitment. To then penalise these committed developers for the failures of REIAs or other agencies to finalise PPAs is a violation of the principles of natural justice. Instead of fostering a vibrant and competitive market, these proposals will stifle competition, discourage innovation from smaller, more agile players, and lead to a consolidation of the market in the hands of a few large players, which is ultimately detrimental to the national interest of achieving broad-based renewable energy growth.

- Developers whose PPAs remain unsigned should be given a fair, one-time opportunity to either retain or relinquish connectivity within one month of LoA termination by the REIA.

    - If opting to retain connectivity, developers should be allowed to convert through the 50% Land route or Land BG route, with an extension of the connectivity start date by at least 24 months and corresponding financial closure timelines extended by a minimum of 18 months from the issuance of revised in-principle/final grant by CTUIL.

    - If opting to relinquish connectivity, developers should not be penalized, and all connectivity-related bank guarantees should be returned because Connectivity remains unused due to non-signing of PPAs by REIAs, which is outside developers' control. Freed-up connectivity can then be reallocated to other developers under CTUIL's reallocation procedure.

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- CTUIL should provide CERC with a comprehensive list of developers granted or under process for connectivity at each ISTS substation, including firm/likely start dates and application routes (Land, Land-BG, or LoA from SECI/NTPC/SJVN/NHPC). REIAs should submit a list of projects where PPAs are unlikely to materialize.
- Comparing these lists will enable CERC to assess the actual transmission capacity that can be released by cancelling LoA's at the **individual substation level** and allow CTUIL to reallocate the freed-up capacity as per reallocation procedure under GNA regulations.

3. Specific Observations & Suggestions

"2.1 It has come to light that PPAs have not been signed for significant capacity, for which Connectivity has been obtained under Regulation 5.8(xi)(a) of the GNA Regulations by furnishing an LOA issued by REIAs. Generally, the RE Developers start implementing the project only after signing the PPA. If PPA signing is delayed, a situation arises in which a large quantum of the Connectivity granted on the basis of LOA is not optimally utilised. Sub-optimal utilisation of the transmission system or delayed utilisation of such system arises when the associated transmission system gets commissioned, but the Connectivity grantee fails to commission the linked RE projects."

Suggestion: *Instead of viewing connectivity quantum as an aggregate pool, the assessment should be done at the **individual substation level**. Transmission assets are planned and commissioned for specific substations and corridors, and underutilization occurs locally when associated projects fail to commission.*

Cancelling LOAs at a macro level will not resolve localized issues, as new connectivity grantees will still require significant lead time (minimum 18 months) for project commissioning. Therefore, the focus should be on substation-wise monitoring and corrective measures rather than looking at aggregate connectivity quantum.

Even where PPAs are signed, many projects not commissioned due to viability and other operational issues (e.g., Kallam ISTS connectivity cases).

"2.2 On the other hand, there may be entities that can bring the project within that time frame but are not able to secure the Connectivity as there is no evacuation margin or space available in the existing or the present planned transmission system. For the grant of Connectivity, new transmission systems are required to be planned and implemented, which may have a long implementation time frame and lead to cost implications for the system as a whole."

Suggestion: *A more efficient solution would be to adopt a cluster-based swapping mechanism for connectivity rights. This approach should prioritize entities within the same cluster based on their realistic project commissioning timelines, ensuring that developers who are ready to bring projects with ISTS system matching timeline. Such a mechanism will optimize existing infrastructure across the cluster, prevent transmission capacity from being locked by delayed or non-viable projects, and enable faster-moving projects to proceed without burdening the system with unnecessary transmission expansion.*

"3.2 As per above, tentatively 31.8 GW of capacity has been granted connectivity, and if the connectivity at the application stage is included, tentatively 45.34 GW of Connectivity

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is granted on LoA basis for which PPAs are yet to be signed. This is a very significant quantum of Connectivity, as the corresponding transmission systems are either implemented or under implementation."

Comment: *While ~45 34 GW of connectivity granted on LoA basis appears significant at first glance, a large proportion of this capacity has connectivity start dates from FY 2028–29 or later. Cancelling LoA-based connectivity will not resolve the issue of underutilization of transmission assets, as even new connectivity grantees would require a minimum of 24 months for project commissioning, leaving ATS idle regardless. A more effective solution is to adopt a cluster-based swapping mechanism based on the SCOD of RE projects, enabling CTUIL and generators to align ATS commissioning with project readiness. This approach will ensure optimal utilization of transmission infrastructure and avoid unnecessary delays or stranded capacity.*

4. Proposal

"5.1 The Conn-BGs under the GNA Regulations serve as a security against the transmission system and to restrict non-serious Applicants and to ensure the timely commissioning of the generation project. This also ensures the timely use of the transmission system, for which the public at large ultimately pays the transmission charges. The GNA Regulations provide for the encashment of such Conn-BGs, if the Connectivity grantee fails to commission the project within the stipulated timeline. The amount received from such encashment of Conn-BGs is adjusted in the monthly transmission charges of the users.

5.2 The transmission system, including the bay which has been kept blocked by an entity without implementing the generation project, could have been allocated to any other player committed to bringing the generation project within the stipulated time and thereby ensuring optimal utilisation of the transmission system. Therefore, ***Connectivity, as a scarce resource, should be allotted only to committed players who are ready to bring the project to fruition in a timely manner*** *and ensure its utilisation."*

Comment: Connectivity granted on the basis of a LoA is not a casual entitlement but the culmination of a rigorous and competitive process. Developers invest months in tender participation, site selection, resource assessment, and bid preparation, backed by substantial financial commitments in the form of bid processing fees, earnest money deposits, and employee's costs. **Only serious and capable entities succeed in securing LoA.** Importantly, the signing of a PPA lies squarely within the domain of REIAs, who levy trading margins and success fees for securing buyers. PPA signing is beyond the control of the developer. **To penalize such developers by encashing Connectivity Bank Guarantees for delays attributable to REIAs' failure to secure PPAs would constitute an arbitrary exercise of power.** Under Article 14 of the Constitution of India, every State action, even in contractual matters, must be fair, reasonable, and non-arbitrary. The Supreme Court has consistently held that arbitrariness is antithetical to equality and violates the constitutional mandate. Therefore, imposing punitive measures on developers who have demonstrated bona fide intent and substantial investment, for circumstances beyond their control, would not withstand the test of constitutional scrutiny. A balanced regulatory approach must distinguish between delays caused by developers and those arising from systemic or third-party failures, ensuring that committed players are not unjustly penalized.

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"5.4 Proposal 1– Connectivity has been granted on the basis of LoA, but the signing of the PPA is delayed"

"(a) An entity that has been granted Connectivity on the basis of LoA, where the signing of the PPA is delayed for more than 12 months, shall be considered under the proposal."

Suggestion: *The fundamental premise of the Staff Paper, as outlined in Proposal 1(a), is to address situations where the signing of a PPA is "delayed" for more than 12 months. We submit that this premise conflates two distinct scenarios: a delayed PPA and a cancelled LoA. A delay in PPA signing is a procedural latency, attributable to the REIA or the ultimate procurer, and does not signify the termination of the project or a lack of commitment from the developer. A cancelled LoA, however, represents a definitive end to the commercial arrangement. The proposed options, with their financial consequences, are disproportionately punitive when applied to a mere delay. Therefore, we strongly recommend that the applicability of these proposals be restricted only to cases where the LoA has been formally cancelled by the REIA. Applying these measures to projects where the PPA is only delayed would unfairly penalize developers for systemic issues beyond their control and would be contrary to the principles of natural justice.*

Option – I: Exit from LoA route without surrendering Connectivity

"ii. The Conn-BGs (Conn-BG1, Conn-BG2, Conn-BG3) as already furnished shall continue to remain valid. Such entity shall furnish a Performance Bank Guarantee for Rs 10 lacs/MW to avail this option, which shall be returned on achieving COD for the corresponding capacity."

Suggestion: *The proposal to mandate an additional Performance Bank Guarantee of INR 10 lacs/MW is an anti-competitive measure that would create a financial barrier for new and emerging players, particularly those in the MSME sector. A developer on the LoA route has already furnished substantial financial securities in the form of Conn-BG1, Conn-BG2, and Conn-BG3, locking up significant capital. To impose a fresh, multi-crore guarantee as a precondition for continuing a project delayed by factors outside the developer's control is not only punitive but also economically unviable. This would create an unlevel playing field, favouring large corporations with deep financial reserves and stifling the very competition the bidding process is meant to foster. Instead of this punitive measure, we propose that developers be given the option to either (a) furnish proof of having acquired 50% of the required land, demonstrating tangible project progress, or (b) furnish a Bank Guarantee in lieu of land, consistent with the existing Land BG route, which would be released upon the subsequent submission of the required land documents.*

"iii. The scheduled date of commercial operation (SCOD) of such entity from the date of conversion shall not be later than 18 months."

Suggestion: *The proposed SCOD of not later than 18 months from the date of conversion is arbitrary and runs contrary to both established industry practice and the existing regulatory framework. The majority of competitive bidding tenders (RfS) provide for a project SCOD of 24 months from the effective date of the PPA. More importantly, the GNA Regulations, in Clause 11A(2A), already provide a just mechanism by permitting the developer to consider the SCOD as per the executed PPA for the purpose of compliance with Regulations 11A and 24.6. The Staff Paper's proposal to impose a rigid 18-month timeline completely disregards this existing, equitable provision. We strongly argue that the*

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regulatory clock for project milestones should only commence from the effective date of the PPA. Therefore, the SCOD for the converted project must be aligned with the RfS provisions, i.e., 24 months from the effective date of the PPA, and the financial closure deadline should be set at six months prior to this re-calculated SCOD.

"iv. There shall not be any change in the firm start date of Connectivity, and irrespective of the new SCOD as per this option, such entity shall be liable for payment of applicable mismatch charges in terms of the Sharing Regulations till the commissioning of the project."

Suggestion: *The provision that the firm start date of Connectivity shall not change is highly prejudicial and inequitable. If the project's SCOD is being reset due to a PPA signing delay—a delay not attributable to the developer—it is a matter of natural justice that the firm start date of connectivity be correspondingly extended. As argued, the SCOD should is usually 24 months from the PPA effective date. Consequently, the firm start date of connectivity must be realigned with this new SCOD. To hold the start date fixed while the project timeline shifts would unfairly expose the developer to significant mismatch charges under the CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 ("**Sharing Regulations**"). This would mean penalising the developer for a transmission asset they cannot use, due to a delay they did not cause. Therefore, we propose that the firm start date of connectivity be automatically extended to align with the PPA-linked SCOD, which would logically mean that the levy of any mismatch charges for this period would not become applicable.*

Comment: This will give fair chance to developer whose project is delayed due to non-signing of PPA.

"Entity shall submit the land documents in terms of Clause 5.8(xi)(b) of the GNA Regulations for the converted capacity within 12 months, and shall achieve the financial closure within 15 months from the date of conversion."

Suggestion: *The proposed timeline as per the above, which requires the submission of land documents within 12 months and achievement of financial closure within 15 months from the date of conversion, is overly stringent. A developer forced to exit the LoA route is essentially being pushed into a merchant or third-party sale model, which requires a fundamental reassessment of project viability and land strategy. We propose that the timeline for submission of land documents be extended to 15 months from the date of conversion to provide a realistic period for due diligence and acquisition. Furthermore, the deadline for financial closure should not be a fixed number but should be dynamically linked to the project's commercial milestone. In line with Regulation 11A(2) of the GNA Regulations and standard project finance practice, the financial closure deadline should be set at six months prior to the re-calculated SCOD (which is usually 24 months from the PPA signing date and in this case should be 24 months from conversion). This approach provides necessary flexibility and aligns regulatory compliance with the commercial realities of the project.*

"In case of conversion of part quantum of Connectivity, the balance quantum of Connectivity shall be revoked and shall be governed in terms of Regulation 24.6 of the GNA Regulations. In the event of revocation of the Connectivity, the corresponding Conn-BGs shall be treated in accordance with Regulations 24.2 and 24.3 of the GNA Regulations."

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Suggestion: *The proposal that the Conn-BGs corresponding to the revoked portion of connectivity shall be encashed is unduly harsh and fails to consider the position of MSME players. As an MSME, we operate on tight capital and cash flows. The encashment of bank guarantees for a partial revocation—which itself stems from a PPA signing delay beyond our control—imposes a severe financial penalty for a situation we did not create. Encashing our BGs in such a scenario is punitive, not corrective. We strongly urge that for any capacity surrendered due to partial conversion under this option, the corresponding proportionate Conn-BGs should be returned to the developer. This would be an equitable measure, acknowledging that the developer is not at fault and preventing a crippling financial blow to smaller entities committed to the renewable energy sector.*

"vii. The entities whose revocation date has already been triggered due to non-submission of the Financial Closure document or COD shall be treated in terms of the GNA Regulations."

Suggestion: *The entities whose revocation date has already been triggered due to non-submission of the Financial Closure document or COD should be granted additional time based on the revised Start Date and SCOD as per this option.*

Comment: This approach ensures a fair opportunity for developers whose projects are delayed due to non-signing of PPAs—a factor beyond their control.

"Delay in commissioning or to meet the milestones (furnishing of land document or to Financial Closure. MEC, such charges shall be encashed from the Performance Bank Guarantee submitted by such entity"

Suggestion: *The introduction of Milestone Extension Charges (**MEC**) at INR 1500/MW/day or INR 5000/MW/day is a form of double charging and is inconsistent with the existing regulatory framework. Under Regulation 13(7) of the Sharing Regulations, a developer is already liable to pay mismatch charges at the rate of INR 3000/MW/month if the COD is delayed beyond the firm start date of connectivity. This charge is designed to compensate the system for the non-utilisation of the transmission asset. To now impose an additional, punitive per-day MEC on top of this monthly charge for the very same delay constitutes a double penalty. It is excessive, lacks a sound regulatory basis, and is not contemplated in the primary GNA or Sharing Regulations. Such a provision would be legally untenable as it imposes two separate financial penalties for a single event, violating principles of proportionality and fairness in administrative action.*

"In case Land Documents or financial closure is not furnished by the extended timeline or COD is not achieved within the stipulated timeline or the extended timeline, connectivity for the proportionate quantum shall be revoked and Conn-BG shall be treated in terms of Regulations 24.3 and 24.4 of the GNA Regulations. The Performance Bank Guarantee shall also be encashed."

Suggestion: *The proposal to encash the Performance Bank Guarantee in addition to the Conn-BGs in the event of failure to meet land or financial closure milestones is not tenable, as we have already submitted that there should be no requirement for developers to furnish a Performance Bank Guarantee. Where no Performance Bank Guarantee is required to be submitted, the question of its encashment does not arise.*

Datta Power Infra Pvt. Ltd. Haryana

Further, the GNA Regulations, provide for the encashment of the Conn-BGs to cover deemed transmission charges and other liabilities arising from the failure to meet project milestones or achieve COD within the stipulated or extended timelines. The encashment of the Conn-BGs is thus sufficient to safeguard the interests of the transmission utility and to compensate for any blocked capacity. Requiring any further security or encashment, would be contrary to the regulatory framework and would impose an unnecessary and disproportionate burden on developers.

Accordingly, we reiterate that only the Conn-BGs should be encashed in accordance with the GNA Regulations in the event of default, and there should be no requirement for submission or encashment of any additional security. This approach is fully aligned with the intent and provisions of the GNA Regulations and ensures a fair and balanced treatment of developers.

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

"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"

Suggestion: *The firm start date of connectivity should be aligned with this new, commercially agreed SCOD, not constrained by an arbitrary six-month differential.*

"An entity that has been granted Connectivity on an LoA1 basis, within one month, may seek to substitute the original LoA1 with a PPA signed under LoA2 issued by the same REIA or a different REIA."

Suggestion: *The one-month timeline proposed for seeking substitution of an LoA is completely unrealistic and procedurally unworkable. The process of substitution, especially when it involves different REIAs, is administratively complex and requires multi-layered approvals. A developer would need to coordinate with and obtain No Objection Certificates (NOCs) from both the original and the new REIA, and potentially secure approval for a change in project location. These inter-agency processes are known to take a significant amount of time and are entirely outside the developer's control. To expect all these formalities to be completed within 30 days is to set the developer up for failure. We strongly recommend that a more practical and realistic timeline of at least three to six months be provided to allow for the necessary procedural and administrative clearances.*

"Provided that, any extension in the timeline to achieve the milestone of Financial Closure due to extension in SCOD under PPA shall not be allowed more than 12 months from the timeline as per initial SCOD under PPA."

Suggestion: *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.*

"After substitution of the LoA1 with the PPA under LoA2, the Connectivity granted basis the LoA2 may be converted to Land or Land BG route and shall comply with Regulation 11A(3) and Regulation 24.6(1)(iii) of the GNA Regulations. If not converted, it shall be considered as surrendered. If the Connectivity granted for LoA2 is surrendered, the same, along with the associated Conn-BGs, shall be treated in the manner provided at Option-III (Auction of the vacated Capacity)"

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Suggestion: *The mechanism of "deemed surrender" and the automatic encashment of Conn-BG1 if no option is exercised within one month is unduly harsh and violates the principles of natural justice and due process. Penalising a developer for delays attributable entirely to third-party actions contradicts the principles of fairness and regulatory certainty. This provision effectively punishes a developer for circumstances beyond their control without affording them a reasonable opportunity to be heard or to await the resolution of underlying issues.*

We suggest that following the formal cancellation of a LoA by the REIA, a developer should be provided a fair window of three to six months to choose between continuing with the project under Option I or Option II. If a developer does not exercise either of these options within this period, the connectivity should be considered surrendered. However, this surrender should not be punitive. Therefore, in any case where connectivity is surrendered because a developer fails to opt for Option I or II within the three to six month window following an LoA cancellation, all associated bank guarantees, including Conn-BG1, should be returned in full.

"If substituted, PPA is in the name of the Parent company or subsidiary company or subsidiary company of the same parent company of Connectivity grantee, as the case may be, the liability towards such connectivity till the CoD of the project shall remain with the original Connectivity grantee."

Suggestion: *The fact that the liability remains with the original Connectivity Grantee even after substitution, creates a significant and unnecessary legal and operational disconnect. For better alignment of risk, responsibility, and accountability, the liability for all obligations under the GNA Regulations must be formally transferred to the entity in whose name the substituted PPA is held (i.e., the parent company or the other subsidiary). This ensures that the entity actually executing the project is also the one legally accountable for meeting regulatory milestones. The original grantee should be fully discharged of its obligations upon the successful novation of the Connectivity Agreement to the new entity.*

Option-III – Exit from Connectivity

"i. An entity may apply to surrender such Connectivity to CTUIL, within one month. In such a case, CTU shall encash Conn-BG1 and return Conn-BG2 and Conn-BG3. Such entity shall be liable to pay the applicable charges under the Sharing Regulations until the date of surrender of the Connectivity is allowed by the CTUIL."

Suggestion: *An entity may apply to surrender such Connectivity to CTUIL, within one month. In such a case, CTU shall return Conn-BG1, Conn-BG2 and Conn-BG3.*

Comment: signing of a PPA lies squarely within the domain of REIAs. PPA signing is beyond the control of the developer. To penalize developers by encashing Connectivity Bank Guarantees (Conn-BGs) for delays attributable to REIAs' failure to secure PPAs would constitute an arbitrary exercise of power.

"If the entity that has been granted 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, within one month, Connectivity of such entity shall be deemed surrendered under Option-III."

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Suggestion: *The proposal for a "deemed surrender" with encashment of BGs for projects where PPA signing is delayed by more than 12 months is fundamentally unfair. No tender or regulatory framework contemplates such a punitive outcome for a delay that is clearly beyond the developer's control. This provision incorrectly equates a systemic, third-party delay with a developer's default. The signing of the PPA is a critical condition precedent for a developer to proceed with financial closure and project construction. Therefore, we strongly submit that this entire option, including the 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. After surrender of the Connectivity, such Connectivity shall be open for auction for all the developers in the following manner"

Suggestion: *After surrender of the Connectivity, such Connectivity shall be open for grant as per reallocation procedure under GNA regulation.*

Comment: *The proposal to auction surrendered connectivity is a deeply flawed, anti-competitive measure that will harm the renewable energy sector. This mechanism commoditizes transmission access, a public resource that, under the Electricity Act, 2003, is meant to be provided on a non-discriminatory, open-access basis. An auction will inevitably raise project costs, as the premium paid for connectivity will be factored into the tariff, ultimately burdening the end consumer. More critically, it creates severe barriers to entry for new and MSME players. It transforms connectivity from a right based on technical readiness and project viability into a commodity available only to those with the deepest pockets. This inherently favours large, established corporations, stifling competition and innovation from smaller, more agile developers who may have more efficient projects but lack the capital to win a bidding war for transmission access. Such a mechanism would also encourage speculative bidding, where entities might acquire connectivity as a tradable asset rather than for genuine project development, thereby exacerbating the very problem of under-utilization the Staff Paper seeks to solve. The existing framework under Regulation 11C of the GNA Regulations already provides a transparent, non-discriminatory, and orderly procedure for reallocating vacated connectivity based on application priority. This established process should be followed, as it ensures fairness and aligns with the core principles of the Electricity Act, 2003, rather than introducing a market-distorting auction that will ultimately lead to higher tariffs and a less competitive sector*

DATA POWER INFRASTRUCTURE FOR A BETTER TOMORROW

Proposal No.2 – Grant of fresh connectivity in the future

In light of the above discussions, the following two options are proposed for future applications for the grant of Connectivity:

Option-I – Only specified PPA as an eligible condition in place of LoA under Clause (a) of Regulation 5.8(xi)

Suggestion: *The proposal to delete the LoA route and allow connectivity applications only after a PPA is signed is fundamentally misaligned with the practical realities of project development. Connectivity is a long-lead item, and its planning must run in parallel with PPA finalisation, not sequentially after it. The current LoA route correctly acknowledges that a firm commitment (the LoA) is the necessary trigger for initiating the time-consuming process of securing transmission access. Mandating a signed PPA before an application can even be made would introduce crippling delays, creating a severe bottleneck where*



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developers with signed PPAs may find no viable transmission access for years. This would render competitively-won PPAs commercially unviable and severely impede the pace of renewable energy capacity addition in the country.

Option-II – In Future grant Connectivity only though the Auction mechanism

Suggestion: *Presently, 90% of connectivity applications are already being made through the land-BG route. Also, REIAs have significantly slowed down bidding activity and now invite bids only after obtaining consent from respective buyers. Therefore, removing LoA-based connectivity would be unfair to developers who have invested months in tender participation, site selection, resource assessment, and bid preparation, backed by substantial financial commitments in the form of bid processing fees, earnest money deposits, and employee costs. Only serious and capable entities succeed in securing an LoA, which itself is a strong indicator of commitment.*

We staunchly oppose this proposal, which suggests granting all future connectivity exclusively through an auction mechanism. This is a regressive and profoundly anti-competitive proposal that would cause irreparable harm to the renewable energy sector. An auction mechanism fundamentally transforms transmission access from a public resource, which under the Electricity Act, 2003, is to be provided on a non-discriminatory, open-access basis, into a commodity for sale to the highest bidder. This is a contest of financial might, not of project viability, technical readiness, or developer efficiency. It will systematically and permanently exclude new entrants, MSMEs, and other smaller developers who, despite having robust and efficient projects, lack the deep pockets required to compete in a bidding war against large, incumbent corporations.

The inevitable outcome of such a policy will be the creation of a monopolistic or oligopolistic market for transmission access. Over time, connectivity rights will become consolidated in the hands of a few large players, stifling competition, reducing market diversity, and giving these players undue control over the direction of the nation's energy transition. Furthermore, this mechanism will directly lead to higher electricity tariffs for end consumers. The significant premium paid to win an auction will be capitalised into the project cost, and this additional cost will inevitably be passed on through higher tariffs, defeating the core objective of providing affordable renewable energy to the public. It also encourages speculative bidding, where entities may acquire connectivity as a tradable asset rather than for genuine project development, thereby exacerbating the very problem of under-utilisation the Staff Paper seeks to solve. The existing framework under the GNA Regulations was established through extensive stakeholder consultation to ensure fairness and transparency; it should be upheld and strengthened, not abandoned for a flawed, market-distorting auction model that serves only the interests of the largest players.

5. Proposed alternative

While we have provided our detailed comments above, we note that the Staff Paper critically omits the most equitable solution for developers where the signing of a PPA is "delayed", which is to grant a formal extension of timelines. We propose the introduction of a new option:

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Proposed Option IV: Extension of Timelines Aligned with PPA Execution

This option would allow a developer to seek an extension of the Financial Closure and SCOD timelines through a simple administrative mechanism, upon demonstrating that the PPA has not been signed for reasons beyond its control.

a) The timeline for achieving Financial Closure under Regulation 11A(2) should be automatically linked to the execution date of the PPA. Specifically, the regulatory clock for achieving milestones should commence from the "Effective Date" of the PPA, as defined in the RfS documents.

b) The SCOD should be considered as 24 months from the effective date of the PPA (as is common in RfS documents), and the Financial Closure deadline should be set at six months prior to this re-calculated SCOD.

c) The existing bank guarantees (Conn-BG1, BG2, BG3) should remain valid, with their validity extended to align with the new timelines. No additional punitive guarantees should be required.

d) The connectivity start date be extended basis the SCOD as provided in the PPA and no mismatch charges or MECs should be levied for the period of delay caused by the non-signing of the PPA.

This approach is fair, as it does not penalise the developer for third-party delays. It preserves the project's original viability, protects the investments already made, and ensures that the transmission capacity is ultimately utilised by the intended bona fide project, thereby fulfilling the objectives of the GNA Regulations.

6. Conclusion

While we support CERC's objective of optimizing transmission utilization and ensuring timely project commissioning. We urge adoption of a balanced framework that encourages genuine developers, maintains transparency, and avoids creating barriers to renewable energy investment.

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With Regards,

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