Ref: GRIMPL/CERC/2025/02 **Date:** 26.12.2025

To,
The Secretary
Central Electricity Regulatory Commission
6th, 7th & 8th Floor, Tower B, World Trade Centre,
Nauroji Nagar, New Delhi – 1100029

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

Ref: Public Notices dated 25.11.2025 and 15.12.2025 inviting suggestions/ objections/ comments from stakeholders

Respected Sir,

This is in reference to the Public Notices dated 25.11.2025 & 15.12.2025 issued by the Commission's Staff, inviting stakeholder comments on the "Staff Paper on Proposal for allocation of Connectivity granted (on LOA route) where the signing of the PPA/PSA is getting delayed".

Gentari is a clean energy solutions company committed to accelerating the transition to a sustainable future. Our core focus areas Renewable Energy, Green Hydrogen, and Green Mobility form a comprehensive portfolio designed to support customers in their decarbonisation journey. Our mission is to be the leading developer of Commercial & Industrial (C&I) and utility-scale renewable energy projects, a scalable hydrogen producer and trusted industry partner, and the foremost provider of green mobility solutions in the Asia Pacific region. In the long term, Gentari aspires to be the most valued clean energy solutions partner, driving meaningful impact and enabling the journey to a net-zero future.

In line with the above, we are pleased to submit our comments for your kind consideration. These are enclosed as **Annexure – I**.

Thanking You,

For Gentari Renewables India Management Private Limited

Amit Kumar Chachan

AGM-Regulatory & Policy Advocacy

Annexure-I

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

Gentari India's Submission: We thank the Commission's staff for bringing out the discussion paper and providing us with the opportunity to present our views. The Discussion Paper is rightly trying to address connectivity related issued related to the cases involving non-signing of PPAs where Letters of Award (LOAs) have already been issued. It is important to highlight that these LOAs were issued by Government Renewable Energy Implementing Agencies (REIAs), and developers considered such LOAs to be the most reliable and secure instruments in India's renewable energy framework.

The inability of the concerned entities to subsequently sign PPAs despite issuing LOAs has created significant credibility concerns within the sector. This issue is particularly alarming for foreign investors, who have historically viewed Government issued LOAs as the safest and most dependable entry point for investment in India's renewable energy ecosystem. Investor confidence especially international capital, which is essential for India's energy transition must be protected as a matter of paramount importance. Any erosion of trust in the LOA mechanism risks long-term consequences for sectoral investment flows.

While the most appropriate and sector-positive solution would undoubtedly be the timely signing of PPAs aligned with the issued LOAs, we understand that the staff paper has been drafted considering a worst-case scenario wherein signing of PPAs may not be feasible. In such a situation, the policy response must ensure that developers are not subjected to additional penalties or financial implications for circumstances entirely beyond their control. Developers typically commence predevelopment works majorly related to land acquisition, Engineering, design and statutory approvals after signing of LOAs considering that the PPAs will be signed soon. Non signing of PPAs of such large extend risks the investments already made by the RE Developers. Therefore, we support all the measures to address the long pending issue. Developers should be granted the first right to utilize the granted connectivity for alternate projects with sufficient time, thereby protecting the investments already made and preventing the creation of stranded transmission assets. This is essential not only for maintaining fairness and regulatory certainty but also for upholding confidence in the sector's governance framework.

We also disagree to the proposal of removing LOA as an eligibility criterion and allowing only PPAs for connectivity under Regulation 5.8(xi)(a). LOAs issued by Government REIAs are the outcome of a transparent Section-63 bidding process and represent a formal commitment. Eliminating LOAs from eligibility undermines the credibility of these government led auctions, disrupts developer planning, and weakens investor confidence. Our issue wise detailed comments on the staff paper are as below;

A. Auction should not be implemented

- **Contrary to GNA architecture:** The GNA Regulations already enforce discipline through Conn-BGs, milestone timelines, and revocation provisions. Introducing auctions duplicates enforcement mechanisms, adds administrative overhead, and creates legal uncertainty without solving the core issue of unsigned PPAs.
- **Tends to encourage hoarding and speculative blocking of capacity**: Auctions tend to favour participants with deep pockets who can afford to bid aggressively merely to secure future strategic positions. This risks the **hoarding of valuable transmission capacity** by financially stronger players without any real intent to execute projects immediately. Such speculative behaviour contradicts the purpose of GNA, which aims to ensure *efficient and need-based* utilisation of grid resources.
- **Creates barriers to entry and limits market diversity**: With higher upfront financial commitments (premiums, EMDs, MECs), new developers, ESG-driven international players, and innovators will find it harder to enter the Indian market. Reduced participation limits diversity and reduces downward tariff pressure in the long run.
- **Encourages financialisation of connectivity rather than project development** Once auction premiums become high, connectivity itself may start being treated as a monetisable asset. This can create a secondary market mindset where the focus shifts from building renewable capacity to **financial arbitrage**, which is fundamentally misaligned with national renewable energy objectives.
- **Mispricing public interest access**: Connectivity is a technical interface right tied to system studies and ATS readiness, not a tradable commodity. Price only allocation risks misalignment with grid requirements, technology mix, and potentially harming reliability.
- **Little net benefit to consumers**: Auction premiums, EMDs and MECs inevitably increase the upfront and financing costs of projects, and these costs will be fully internalised by developers when quoting tariffs. Since this auction based connectivity mechanism is being introduced for the first time in India, developers will also need to price in significant uncertainty premiums to cover regulatory, procedural, and commercial risks that cannot yet be clearly defined. Lenders, too, are likely to view this as an added risk layer, increasing borrowing costs and further pushing up project economics.

  All these includes higher upfront payments, risk buffers, increased cost of capital, and the return required to compensate for these new uncertainties will ultimately flow into PPA bid tariffs. Instead of delivering consumer benefit, the auction route risks raising tariff levels in future competitive bidding rounds. It is also worth noting that the existing CERC Sharing Regulations already contain effective mechanisms such as mismatch charges which promote project discipline without introducing speculative bidding-related costs. Therefore, auctions add avoidable financial burden without corresponding advantages for consumers.

- **Risk of distorting capacity allocation priority**: Connectivity should be allocated based on project readiness, land progress, PPA status, and genuine execution capability not on the ability to pay auction premiums. Auctions shift the focus from **technical and developmental merit** to **financial bidding**, distorting the prioritisation of projects and potentially compromising grid reliability.
- **Rigid timelines increase project risk**: Auction based COD timelines (12–24 months) ignore practical challenges such as land acquisition delays, OEM supply chain constraints, and statutory approvals. This rigidity could lead to higher revocations, disputes, and stranded investments.

B. Support for AS Committee Recommendations

We strongly support the measures recommended by the AS Committee that no Bank Guarantees should be encashed and no other penalties should be imposed for cases where LOA is signed but PPA is not signed. Developers should be given:

- Option to exit without penalty, or
- Option to convert to Land/Land BG route connectivity with sufficient time to commission the project.

This approach is fair because developers have already incurred significant pre-development expenditure (land acquisition, permits, studies) based on LOA issuance. Even if CTUIL does not encash BGs, a complete exit would mean wasting these investments and resources. No developer wants to abandon a project unless it is the last resort.

Providing an opportunity to migrate to another route incentivizes developers to complete the project, avoiding stranded investments and ensuring optimal utilization of transmission assets. It also helps maintain investor confidence, as punitive measures for delays beyond developers' control would discourage future participation. By enabling conversion rather than forcing exit, the Commission can protect sunk costs, promote project completion, and uphold fairness in regulatory treatment.

C. Oppose PPA only Eligibility under Clause (a) of Regulation 5.8(xi)

We disagree with the proposal to remove LOA as an eligibility criterion and to allow only PPAs for connectivity under Regulation 5.8(xi)(a). LOAs issued by Government REIAs are formal, competitive bidding based commitments. Treating LOAs as insufficient undermines the credibility of the Government bidding process and weakens the investment certainty that the sector has relied upon for years. Removing LOA as a basis for connectivity will create unnecessary disruption.

- **LOA already has a built-in safeguard:** The current framework clearly states that if a PPA is not signed within 12 months, the LOA automatically stands cancelled. This clause ensures discipline and prevents indefinite blocking of transmission capacity without needing to remove LOA eligibility altogether.
- **Clear fallback option already exists:** After cancellation, developers can shift to the Land / Land-BG route. This ensures fairness and continuity while protecting system planning, without penalising developers for delays beyond their control.
- **Removing LOAs creates transition issues:** Many developers have already applied for connectivity under the Land / Land-BG route assuming they would win ongoing tenders and later convert to LOA based connectivity. A sudden policy shift would unfairly disrupt these projects and impose avoidable uncertainty.
- **Need for a transition window**: In case, the Hon'ble Commission decides to discontinue with LOA route in future, then to address the transition issues as detailed above, it is requested that the developers who win ongoing bids, a 6-month window should be provided to convert their existing connectivity applications into LOA based connectivity. This prevents unnecessary disruption and maintains regulatory certainty.
- **Preserves consistency and policy coherence:** Retaining LOA eligibility aligns with CTUIL procedures and long-standing government procurement practices, ensuring predictability for developers, lenders, and investors.

D. <u>Recognition of C&I PPAs</u>

Further, it is to submit that the Commercial & Industrial (C&I) PPAs are legitimate agreements under the non-discriminatory open access provisions of the Electricity Act akin to Government PPAs. Excluding them while recognizing only government PPAs is discriminatory and contrary to the Act. Regulatory recognition should be extended to private C&I PPAs with safeguards to prevent misuse. Conditions such as mandatory intimation of PPA signing to a central government nodal agency will mitigate risks of post-dated manipulation. Further, C&I PPAs may be linked to GNA or long-term access requests from ISTS or intra-state networks, with one-to-one mapping to ensure only genuine C&I contracts are considered. This will encourage private investment, diversify offtake options, and uphold the principle of non-discrimination enshrined in the Electricity Act.

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