26 December 2025

Shri Harpreet Singh Pruthi
Secretary,
Central Electricity Regulatory Commission
World Trade Centre
New Delhi – 110029

Subject: Submission of comments/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

Ref: CERC Public Notice No. L-1/261/2021/CERC, dt. 25.11.2025, Staff Paper on Proposal for allocation of Connectivity granted (on LOA route) where the signing of the PPA/PSA is getting delayed

Respected Sir,

Greetings from the Indian Wind Turbine Manufacturers Association (IWTMA)!

With reference to the **Staff Paper on Proposal for allocation of Connectivity granted (on LOA route) where the signing of the PPA/PSA is getting delayed**, issued by the Central Electricity Regulatory Commission (CERC), IWTMA is, hereby, submitting its comments/ suggestions collected from its industry members.

The suggestions are attached as **Annexure A** to this letter and covers comments on the suggested timelines and the need for alignment with project finance norms under Option I, flexibility to find buyers for part capacity, suggestions on the auction of surrendered connectivity under Option II, fairness of charges on original developers under Option III, and the future allocation of surrendered connectivity.

We are grateful for the opportunity to provide input and remain eager to provide any additional information or documentation required.

With Warm Regards,

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Annexure A:

Issue / Option	Comment on Staff paper	Suggested modification
Option I – Timelines (SCOD, land, FC)	The staff proposal to require SCOD within 18 months from conversion, land documents within 12 months and FC within 15 months is too compressed for RE projects exiting the LoA route, especially for wind and hybrid/RTC projects where PPA/PSA signing and state approvals are delayed.	Extend the overall implementation window under Option I to 24–36 months from the date of conversion, with land milestones aligned at 18–24 months and FC at 21–27 months, while retaining performance BG and MEC provisions to ensure seriousness and timely utilisation of ISTS.
Option I – Alignment with RBI / project finance norms	Current milestones assume that developers can achieve FC largely independent of PPA status, which is inconsistent with RBI-aligned project finance practices where signed PPAs or equivalent contracted revenues are normally a pre-condition for FC and long-tenor debt.	Explicitly recognise in the regulations that FC timelines should be calibrated to banking norms; allow submission of binding term sheets/sanction letters as interim compliance, with final FC and MEC exposure linked to PPA execution and realistic COD schedules acceptable to lenders.
Option II – Extent of source configuration change	The substitution framework under Option II is useful, but unconstrained changes in RE source configuration (e.g. from predominantly wind to predominantly solar or different hybrid ratios) may undermine the system planning that was originally undertaken on a wind-based assumption.	Limit the extent of configuration change permitted under Option II, particularly at nodes planned for wind; require CTUIL's technical clearance and system studies where wind share is significantly reduced, and ensure that the originally planned wind quantum at a node/corridor remains substantially secured through any re-bidding or substitution.
Option II – Flexibility to find buyers for part capacity	The proposal allows part-conversion and part-relinquishment, but developers of wind, hybrid and RE+storage projects may need time to aggregate multiple offtakers, so	Provide explicit flexibility for phased substitution and phased CODs against a single connectivity grant, allowing developers to tie up buyers for part capacity over time; align FC and COD milestones proportionately and avoid

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	strict treatment of uncontracted part capacity could force premature relinquishment and BG encashment.	automatic BG encashment where serious efforts to contract remaining capacity are demonstrated.
Option III – Auction of surrendered connectivity (concept)	Treating connectivity as a scarce public resource and reallocating surrendered capacity through a transparent auction with base price linked to Conn-BGs is a progressive step that can free up stranded bays and improve utilisation.	Proceed with the auction framework, but maintain clear objectives that balance revenue sufficiency with timely commissioning, resource diversity (including wind) and system reliability, rather than purely maximising premium.
Option III – Fairness of charges on original developers	Under the proposal, Conn-BG1 is encashed while Conn-BG2 and Conn-BG3 are returned and notionally compensated through auction proceeds; however, developers often face PPA/PSA delays beyond their control, leading to stranded development costs plus financial charges that may be seen as inequitable.	Minimise additional financial burden on developers who can demonstrate that delays were primarily on account of PPA/PSA execution or policy decisions; consider priority rights or relaxed auction conditions for such entities, and examine whether a defined share of auction premium above base price can be used to partially offset their sunk efforts.
Option III – Non-price parameters in auction	A purely price-based auction could allocate connectivity to the highest bidder even if that project offers less system value, weaker readiness or an inferior resource mix compared to competing wind or hybrid projects at the same node.	Incorporate non-price criteria such as project readiness (land, permits, OEM tie-ups), minimum wind share where relevant to grid studies, and contribution to flexibility/ancillary services, with suitable weightage alongside the premium bid, to maximise long-term system value.
Future allocation – PPA-only connectivity route	Moving to a PPA-only eligibility under Regulation 5.8(xi)(a) can reduce speculative blocking of bays, but may not accommodate emerging	Adopt PPA-based connectivity as the primary route for central and State bid-out schemes, while retaining a clearly defined non-PPA track (e.g. Land/Land-BG or auction-based) for

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	merchant, C&I, open-access and storage-linked business models that cannot always secure long-term PPAs upfront.	merchant, C&I and RTC/open-access projects with strong FC and COD obligations and appropriate safeguards.
Future allocation – Auction-only connectivity route	A pure auction-only framework for all future connectivity could improve allocative efficiency but, if not carefully designed, may favour entities with stronger balance sheets over technically superior or system-friendly wind and hybrid projects.	If an auction-only model is adopted, embed safeguards such as caps on concentration at each node, minimum wind/hybrid shares where system planning requires it, and stringent delivery obligations (land, FC, COD timelines) to ensure timely commissioning and a balanced RE mix.
Future allocation – Role of OEMs in securing connectivity	Allowing OEMs to secure connectivity for future allocation could help standardise park design, de-risk execution and ensure that manufacturing and supply chains are better aligned with available bays, especially for wind-heavy corridors.	Permit OEMs to obtain connectivity under a dedicated category, subject to strict anti-hoarding conditions: caps on OEM-held connectivity, mandatory allocation to identified SPVs/developers within defined timeframes, full pass-through of PBG/MEC/COD obligations to project SPVs, and penalties or loss of future eligibility in cases of repeated non-utilisation.
OEM-led connectivity – Integration with auctions	Without safeguards, OEMs participating in auctions could "warehouse" connectivity and indirectly influence competition among developers seeking turbines or balance-of-plant solutions.	Allow OEM participation in connectivity auctions only with clear transparency and competition checks, such as disclosure of downstream developer allocation, oversight on related-party transactions, and potential ring-fencing of OEM-led connectivity blocks for allocation through subsequent competitive tenders run by REIAs or other bidding agencies.

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