एनएचपीसी लिमिटेड
(भारत सरकार का एक नवरत्न उद्यम)
NHPC Limited
(A Government of India Navratna Enterprise)

वाणिज्यिक विभाग
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सं.एनएच/वाणिज्यिक/सीईआरसी/2025/ 1656 दिनांक: 24.12.2025

सचिव,
केंद्रीय विद्युत नियामक आयोग,
सातवीं मंजिल, टावर-बी, वर्ल्ड ट्रेड सेंटर,
ब्लॉक-एफ, नौरोजी नगर, सफदरजंग एन्क्लेव,
नई दिल्ली- 110029.

विषय: पीपीए/पीएसए के हस्ताक्षर में विलंब होने की स्थिति में (एलओए मार्ग के अंतर्गत) प्रदान की गई कनेक्टिविटी के आवंटन के प्रस्ताव पर स्टाफ पेपर पर एनएचपीसी की टिप्पणियाँ।

संदर्भ: सीईआरसी सार्वजनिक सूचना सं. L-1/261/2021/CERC दिनांक 25.11.2025
सीईआरसी सार्वजनिक सूचना सं. L-1/261/2021/CERC दिनांक 15.12.2025

महोदय

केंद्रीय विद्युत नियामक आयोग (सीईआरसी) ने पीपीए/पीएसए के हस्ताक्षर में विलंब होने की स्थिति में (एलओए मार्ग के अंतर्गत) प्रदान की गई कनेक्टिविटी के आवंटन के प्रस्ताव पर एक स्टाफ पेपर जारी किया है। सीईआरसी द्वारा हितधारकों से अनुरोध किया गया है कि वे अपनी टिप्पणियाँ/सुझाव/आपत्तियाँ दिनांक 26 दिसंबर 2025 तक प्रस्तुत करें।।

इस संदर्भ में, एनएचपीसी की टिप्पणियाँ/ सुझाव आगे की आवश्यक कार्रवाई हेतु संलग्न कर प्रेषित हैं।

धन्यवाद।

संलग्नक: उपरोक्तानुसार।

सादर,

24/12/25

(पी वी विनोद शेनॉय)
महाप्रबंधक (वाणिज्यिक)

एनएचपीसी लिमिटेड
(भारत सरकार का एक नवरत्न उद्यम)
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No. NH/Commercial/CERC/2025/ 1656 **Date: 24.12.2025**

The Secretary
Central Electricity Regulatory Commission,
7th Floor, Tower-B, World Trade Centre
Block-F, Nauroji Nagar, Safdurjung Enclave,
New Delhi- 110 029

Sub.: Comments of NHPC on 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 dated 25.11.2025
CERC Public Notice No L-1/261/2021/CERC dated 15.12.2025

Sir

Central Electricity Regulatory Commission (CERC) has issued Staff Paper on Proposal for allocation of Connectivity granted (on LOA route) where the signing of the PPA/PSA is getting delayed. CERC has asked the stakeholders to submit their comments/ suggestions/ objections by 26th December 2025.

In this regard, the comments/ suggestions of NHPC are enclosed for further necessary action.

Thanking You,

Encl.: As above

Yours Sincerely,

Amr 24/12/25

(P V Vinod Shenoy)
General Manager (Comml.)

Comments of NHPC on the "CERC Staff Paper on Proposal for allocation of Connectivity granted (on LOA route) where the signing of the PPA/PSA is getting delayed".

Central Electricity Regulatory Commission (CERC) has issued Staff Paper on Proposal for allocation of Connectivity granted (on LOA route) where the signing of the PPA/PSA is getting delayed, as delay in signing of PPA for which connectivity has been granted on LOA is resulting in Sub-optimal utilisation of the transmission system or delayed utilisation of such system.

NHPC welcomes this step taken by CERC as it will result in optimal utilization of transmission system and comments/ suggestions on proposal of CERC are as under:

Option – I: Exit from LoA route without surrendering Connectivity

1. Clause i. of Option-I

Proposal:

"i. Within one month, such an entity may seek to exit from the LoA route, along with the NoC regarding non-signing of the PPA from the concerned REIA. Such LoA, basis which the Connectivity was granted, shall become an invalid document to obtain any other Connectivity or the LOA may be terminated by REIA."

Proposed Modification by NHPC:

"i. ***Within two months from the date of issue of the Order****, such an entity may seek to exit from the LoA route, along with the NoC regarding non-signing of the PPA from the concerned REIA. Such LoA, basis which the Connectivity was granted, shall become an invalid document to obtain any other Connectivity or the LOA may be terminated by REIA."*

Rationale of NHPC: 1 month period is too short to take a judicious decision by developers. Further, the process of issuance of NOC shall also take time.

2. Clause ii. of Option-I

Proposal:

"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

Suman Maheja

Rs 10 lacs/MW to avail this option, which shall be returned on achieving COD for the corresponding capacity."

Proposed Modification by NHPC:

"ii. The Conn-BGs (Conn-BG1, Conn-BG2, Conn-BG3) as already furnished shall continue to remain valid. The entity can shift its connectivity from LoA route to Land Route or Land BG Route.

Provided under Land route, the entity may seek Connectivity by submitting the land document for 50% of the land required for the capacity for which Connectivity has been sought and under Land BG Route, the entity may seek Connectivity by furnishing Bank Guarantee of Rs. 10 lakh/MW for a capacity up to 1000 MW, and Bank Guarantee of Rs. 100 Cr plus Rs. 5 lakh/MW for capacity over and above 1000 MW, in lieu of the land documents, with a condition to submit land documents within the specified timeline under Regulation 11A."

Rationale of NHPC: In the staff paper, it has been proposed that the entity has to submit the Performance Bank Guarantee of Rs 10 lacs/MW till COD which is the partial condition for obtaining connectivity under Land BG Route, however, it is proposed that the entity must be provided an opportunity to get the connectivity under Land Route or Land BG Route, which is generally available to the developer when applying for connectivity at the first stage.

3. **Clause iii. of Option-I**

Proposal:

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

Proposed Modification by NHPC:

"iii. The scheduled date of commercial operation (SCOD) of such entity from the date of conversion ***shall not be later than 24 months****."*

Rationale of NHPC: The above timeline has been proposed as it is a more realistic time period for completion of projects as hybrid/ FDRE/ ESS takes more time.

Aman Mahajan

4. Clause iv. of Option-I

Proposal:

"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."

Proposed Modification by NHPC:

"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.

Provided that if the work for Associated Transmission System (ATS) has not been awarded, the start date of connectivity may be changed to match the date of new SCOD."

Rationale of NHPC: The liability of any transmission licensee starts when work for ATS has been awarded. Thus, if the work has not been awarded the timelines of ATS can be aligned with the new SCOD of the generating plant without any additional liability of the transmission licensee. Therefore, the above proposed modification will safeguard the interest of Renewable Power Developer without affecting the interest of transmission licensee.

5. Clause v. of Option-I

Proposal:

"v. 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."

Proposed Modification by NHPC:

"v. Entity shall submit the land documents in terms of Clause 5.8(xi)(b) of the GNA Regulations for the converted capacity within 15 months, when they have converted the connectivity under land BG route and shall achieve the financial closure within 18 months from the date of conversion."

Aman Maheja

Rationale of NHPC: In Clause ii. above, it has been proposed that COD of projects may be extended to 24 months from the date of conversion of connectivity. Thus, it is proposed that the timelines for submitting land documents and finance closure may be expensed to 15 months and 18 months respectively.

6. **Clause vi. of Option-I**

Proposal:

"vi. 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."

Proposed Modification by NHPC:

"vi. In case of conversion of part quantum of Connectivity, the balance quantum of Connectivity ***shall be treated in the manner provided at Option-III (Auction of the vacated capacity)****.*

Rationale of NHPC: In the proposal, it has been proposed to exit from connectivity by opting to shift connectivity from LOA route, substitution of LOA with a PPA signed under another LOA or exit from connectivity under Option-III.

Under Option-III, it has been mentioned at Sl. No ii, that if the entity does not opt for either Option-I, Option-II, or Option-III, within one month, Connectivity of such entity shall be deemed surrendered under Option-III. Thus, if the generating companies are surrendering their power without opting for Option-I and II, then their surrendered capacity is going into auction. Similarly, it is proposed that, the surrendered part of connectivity under Option-I should be also be treated under Option-III.

7. **Clause viii. of Option-I**

Proposal:

"viii. In case where PPA has not been signed for less than 12 months from issuance of LOA, and if REIA permits such entity to exit from the LOA route, such entity may also seek exit from the LOA route in terms of the provisions mentioned in the above paragraphs."

Aman Mahajan

Proposed Modification by NHPC:

*"viii. In case where PPA has not been signed for less than 12 months from issuance of LOA **but more than original bid validity period**, and if REIA permits such entity to exit from the LOA route, such entity may also seek exit from the LOA route in terms of the provisions mentioned in the above paragraphs."*

Rationale of NHPC: Above modification has been proposed as till original bid validity period, permission for exiting from LOA shall not be possible.

8. **Clause ix. of Option-I**

Proposal:

"ix. Delay in commissioning or to meet the milestones (furnishing of land document or to Financial Closure)

a. .....

b. .....

c. .....

d. ....."

Proposed Modification by NHPC:

It is proposed that above provision may be deleted.

Rationale of NHPC: The generating stations including REGS are supposed to pay the transmission charges as per provisions of Regulation 13 of CERC Sharing Regulations 2020. Therefore, it is proposed that there should not be any milestone charges for not achieving milestones as there is no loss to the transmission licensee till it achieves its COD and connectivity is effective. And when the transmission licensee achieves COD, there is already a penalty on the REGS developer by way of levy of transmission charges under Sharing Regulations.

Aman Mahajan

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

9. Clause i. of Option-II

Proposal:

"i. 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. This option is proposed to address situations where a PPA under LoA2 requires connectivity earlier than the Connectivity's firm start date, but due to non-availability of connectivity, Connectivity was granted with a later firm start date."

Proposed Modification by NHPC:

"i. 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. This option is proposed to address situations where a PPA under LoA2 requires connectivity earlier than the Connectivity's firm start date, but due to non-availability of connectivity, Connectivity was granted with a later firm start date.

Further, an entity may opt for substitution of the LoA1, with a PPA signed under another LoA2, where connectivity has not been granted under LoA2 and the SCOD of the project is later that the firm start date of connectivity of LOA1"

Rationale of NHPC: In the paper it has been proposed to substitute connectivity from LOA1 to LOA2 with PPA who has been granted connectivity for a later date, but there can be cases where PPA has been signed for LOA2 but connectivity has not been granted to LOA2. In view of NHPC, these entities should be allowed to substitute the connectivity from LOA1 to LOA2 with PPA. Therefore, above modification has been proposed.

10. Clause ii. of Option-II

Proposal:

"ii. 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

Suman Mahajan

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."

Proposed Modification by NHPC:

"ii. An entity that has been granted Connectivity on an LoA1 basis, ***within two months*** *from the date of issue of the order, 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."*

Rationale of NHPC: Period of 1 month is too short to take a judicious decision by developers. Further, obtaining NOA from both REIA1 and REIA2 and approval of change of location from REIA2 are not parallel activities as developer may approach REIA2 only after NOC is obtained from REIA1.

11. Clause iv. of Option-II

Proposal:

"iv. The Applicant shall be required to achieve the Financial Closure 6 months prior to the SCOD/ extended SCOD in terms of the substituted PPA or 6 months prior to the firm start date of Connectivity, whichever is later:

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."

Proposed Modification by NHPC:

"iv. The Applicant shall be required to achieve the Financial Closure 6 months prior to the SCOD/ extended SCOD in terms of the substituted PPA or 6 months prior to the firm start date of Connectivity, whichever is later:

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 ***or the date of Financial Closure as scheduled/extended by REIAs under the PPA, whichever is later****."*

Aman Mahajan

Rationale of NHPC: As per the RfS document/PPA, Financial Closure date and SCOD are linked. Therefore, Financial Closure date as stipulated in the PPA may also be considered.

12. Clause vii. of Option-II

Proposal:

"vii. If the contracted capacity under the substituted PPA is different than the quantum of Connectivity granted, the Applicant can convert such part capacity to another route and meet the applicable compliances under the GNA regulations for such part capacity, or may relinquish such portion of the Connectivity.

If the balance capacity is relinquished, the proportionate quantum of Con-BG2 and Conn-BG3, as the case may be, shall be encashed. For cases where ATS or terminal bay(s) have not been awarded for implementation, as on the date of substitution of the LoA with PPA under LoA2, Conn-BG2, in proportion to the surrendered capacity, shall be returned within 15 days of approval of conversion from LOA to PPA under LoA2."

Proposed Modification by NHPC:

"vii. If the contracted capacity under the substituted PPA is different than the quantum of Connectivity granted, the Applicant can convert such part capacity to another route and meet the applicable compliances under the GNA regulations for such part capacity, ***or may surrender balance quantum of Connectivity which shall be treated in the manner provided at Option-III (Auction of the vacated capacity)."***

Rationale of NHPC: In the proposal, it has been proposed to exit from connectivity by opting to shift connectivity from LOA route, substitution of LOA with a PPA signed under another LOA or exit from connectivity under Option-III.

Under Option-III, it has been mentioned at Sl. No ii, that if the entity does not opt for either Option-I, Option-II, or Option-III, within one month, Connectivity of such entity shall be deemed surrendered under Option-III. Thus, if the generating companies are surrendering their power without opting for Option-I and II, then their surrendered capacity is going into auction. Similarly, it is proposed that, the surrendered part of connectivity under Option-II should be also be treated under Option-III.

13. Clause xii. of Option-II

Proposal:

"xii. 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 1500/MW/per day. Such charges shall be paid on a per-day basis and 15 days in advance for the next 30 days."

Proposed Modification by NHPC:

It is proposed that above provision may be deleted.

Rationale of NHPC: The generating stations including REGS are supposed to pay the transmission charges as per provisions of Regulation 13 of CERC Sharing Regulations 2020. Therefore, it is proposed that there should not be any milestone charges for not achieving milestones as there is no loss to the transmission licensee till it achieves its COD and connectivity is effective. And when the transmission licensee achieves COD, there is already a penalty on the REGS developer by way of levy of transmission charges under Sharing Regulations.

Option–III: Exit from Connectivity

14. Clause i. of Option-III

Proposal:

"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."

Proposed Modification by NHPC:

"i. An entity may apply to surrender such Connectivity to CTUIL, ***within two months*** *from date of issue of the Order/Amendment. 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."*

Aman Mahajan

Rationale of NHPC: Period of 1 month is too short to take a judicious decision by developers.

15. **Clause ii. of Option-III**

Proposal:

"ii. 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."

Proposed Modification by NHPC:

"*ii. 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 two months, Connectivity of such entity shall be deemed surrendered under Option-III.*"

Rationale of NHPC: Period of 1 month is too short to take a judicious decision by developers.

16. **Clause iii(h) of Option-III**

Proposal:

"h. Delay in commissioning or to meet the milestones (furnishing of land document or financial Closure)

i. Extension of timeline for submission of Land Documents or to achieve Financial Closure –

.....

....."

Proposed Modification by NHPC:

It is proposed that above provision may be deleted.

Rationale of NHPC: The generating stations including REGS are supposed to pay the transmission charges as per provisions of Regulation 13 of CERC Sharing Regulations 2020. Therefore, it is proposed that there should not be any milestone charges for not achieving milestones as there is no loss to the transmission licensee till it achieves its

Suneet Singh Aman Mahajan

COD and connectivity is effective. And when the transmission licensee achieves COD, there is already a penalty on the REGS developer by way of levy of transmission charges under Sharing Regulations.

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

Proposal:

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

i. The option to apply for grant of Connectivity on the basis of the LoA may be deleted and only PPA (under the GoI competitive bidding guidelines) may be considered as a valid document for grant of Connectivity under Clause (a) of Regulation 5.8(xi), considering the ground reality that the developer starts work towards implementation of the project only after PPA signing and till PPA is signed LOA may not serve meaningful purpose of keeping the Connectivity without implementing the project.

ii. *Similarly, the conversion of the Connectivity granted on the Land or Land BG route is proposed only to the PPA route in place of the LOA route."*

Proposed Modification by NHPC:

It is proposed that above provision may be deleted.

Rationale of NHPC: In the absence of any grant of connectivity after the issuance of LOA, there will be no visibility on the likely date of project commissioning as SCOD in terms of Rfs/LOA/PPA generally remains as 24 months from signing date of PPA but availability of start date of connectivity would not be known at all.

The role of REIA in procurement of power is mainly as an Intermediary procurer who buys power from generator through long term PPA and sell the same to end procurer through back-to-back PSA. Thus, signing of PPA essentially requires assured buyer for the same power. Therefore, PPAs between REIAs and developers are signed after the signing of PSAs between REIAs and Buying entities. But, due to no visibility on the availability of connectivity for the projects for which LOA have been issued, Buying Entities would not be in a position to take decision on providing consent for PSA.

In view of above, development of RE Projects through REIAs would become unfeasible and hence this proposal may be deleted.