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From: Siddiqui Mohd Sarim <mohdsarim.siddiqui@tatapower.com>
To: "Harpreet Singh Pruthi"<secy@cercind.gov.in>, "shilpa@cercind.gov.in"<shilpa@cercind.gov.in>
Cc: "Kapoor Ajay"<ajay.kapoor@tatapower.com>, "Sahoo Paramita"<paramita.sahoo1@tatapower.com>
Date: Fri, 26 Dec 2025 17:45:41 +0530
Subject: Tata Power Comments _ CERC Staff Paper on the Proposal for Allocation of Connectivity _ Delay in PPA signing
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Dear Sir/Mam

Please find enclosed comments from Tata Power on the Staff Paper on the Proposal for Allocation of Connectivity _ Delay in PPA signing.

Regards,
Mohd Sarim Siddiqui
Group Head - Advocacy
The Tata Power Company Limited,Shatabdi Bhawan,B-12 & 13, Sector 4, Noida, UP-201301
Tel: 9891124514 Mobile: 9891124514

Tata Power Comments on Proposal for Allocation of Connectivity granted on LoA route where the signing of the PPA/PSA is getting delayed

General Comments:

While we support the intent to free up transmission capacity and ensure optimal utilization of transmission infra; the following needs to be taken into consideration:

1. **Need to avoid retrospective penalization of developers-** The paper has focussed on utilization of connectivity and has offered options to the developers who have LOAs that have not converted to PPAs. While doing so, it has suggested additional penalties (like MEC or PBG etc.), on developers. Since this has been envisaged for projects already under development, this translates to a retrospective imposition of penalties. The GNA and Sharing Regulations have already incorporated several checks and balances to address delays by both, the generator and the transmission licensee. It is a fact that there is a misalignment between implementation timelines of a RE generation project and transmission leading to delays in connectivity, too. Hence, **additional penalties, by way of MEC or PBG on developers alone may be avoided, particularly when the delays are beyond developers' control and are attributed to government agencies**.

2. **Need for Regulatory certainty** – The staff paper must work within the provisions of the extant GNA Regulations. In this context, the 3 modes of application (*PPA route; Land; Land-BG)* for connectivity must be allowed to continue. The 3 routes for application of connectivity provided in the current GNA regulations have been devised after extensive discussion with all stakeholders and taking into consideration their diverse business models catering to REIAs/DISCOMs/State Energy Procurement Agencies/C&I Consumers. While framing the regulations, Hon'ble CERC has taken due cognizance of challenges faced by RE developers, particularly w.r.t acquisition of land, rationalization of quantum of BGs to be provided etc. We are of the opinion that regulations in its current form along with checks and balances already implemented, are balanced and fair to all categories of developers and connectivity applicants. **Frequent shifts in policy and regulatory environment are well-acknowledged dampeners for investor sentiments.**

3. **Auction of Connectivity Surrendered should be avoided-** Auction of connectivity does not guarantee that the associated project will come on time, thereby defeating the very purpose of utilization of transmission infra. Auctions/tender processes consume time and administrative resources and would end up delaying project implementation further, in addition to increased project tariffs. Further, given that connectivity is granted on basis of date and time stamp of application, as per regulations, cancellation and reallocation through auction would mean that earlier queued developers may lose their position in the queue, who were potentially waiting for months for the next availability. This would create considerable commercial uncertainty, impact project timelines, and raise concerns among investors and lenders, particularly when the delays are due to structural or institutional reasons. **We propose that the surrendered connectivity must be allocated to the next in que or as per the GNA Regulations**.

4. **Auction mechanism for Future connectivity should not be the right approach to deal with the current issue which is only momentary-** The staff paper suggests future grant of connectivity through auction mechanism only. How can two competitive bid processes – one for project

capacity and the other for connectivity be synced and aligned? Would project tariffs discovery follow the connectivity bid process to enable incorporation of the connectivity price into the capacity tariffs? The idea of auction being touted is more for the transmission capacity which is expected to be surrendered when developers exit LOA based connectivity. To extend the idea of auction as a mechanism for all future transmission projects, therefore, is not necessary in view of the fact that the issue of unsigned PPAs is a one-time phenomenon only. **Instead, sub-station based RE bids must be recommended. Further, the option of connectivity allocation to REIAs may also be explored.**

Comments on specific sections of the Staff Paper

Section No.	Description	Comments/Suggestions
5.4 Proposal 1- Option – I: Exit from LoA route without surrendering Connectivity	(*ii) ……. Such entity shall furnish a Performance Bank Guarantee for Rs 10 lacs/MW to avail this option…….* (*vi) 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.* *(ix) 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 1500/MW/per day for each such milestone……*	An additional PBG of Rs. 10 lakhs/ MW is uncalled for, particularly when no such provision is there in the GNA Regulations finalized only recently. The exit option provided to the developer under Option I Proposal I, should be there, **without encashment of BGs**. LOA based connectivity grantees' exit has been caused by the non-signing of PSAs by DISCOMs, and they must not be penalized for this. If connectivity is a scarce resource, then there would be many takers for the surrendered connectivity. MEC of ₹1500/MW/day (land/FC) and ₹5000/MW/day (COD) is punitive. Developers should not be penalized for factors that are beyond their control. There is already a mismatch charge being imposed on the developers for delays in COD beyond the actual start date of connectivity as per the Sharing Regulations (Rs. 3000/MW/month). Moreover, since it is the utilization of the transmission which matters, MEC with respect to

		intermediate milestones need not be imposed.
5.4 Proposal 1- 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.*	**We support substitution flexibility with PPAs across REIAs and within corporate groups.**
5.4 Proposal 1- Option-III – Exit from Connectivity	*(i)An entity may apply to surrender such Connectivity to CTUIL, within one month……* *(ii) 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……*** *(iii) After surrender of the Connectivity, such Connectivity shall be open for auction for all the developers in the following manner…….* *(c) Auction shall be done based on* ***the increasing price bids. The entity that quotes the highest premium above the base price*** *shall win the auction and shall be awarded the corresponding Connectivity* *(d)…… In case the auction of the Connectivity is done at the future substation (either in the construction stage or under the planning stage), or at the existing substation for* ***which the firm start date of Connectivity is more than 12 months****:* *Auction shall be done based on the bid price with a fixed timeline of 24 months for commissioning of the project or the commissioning of the substation, whichever is later****, failing which a penalty will be imposed.***	A deemed surrender under this may lead to litigation. Premium bidding would, most certainly, **distort cost economics for renewable projects, particularly those where commissioning must be achieved in the next 12 months because such projects would have clocked significant progress with the already discovered tariffs**, either through REIA/ state bidding or through bilateral agreements. As per clause, the projects must be commissioned up to 24 in cases where the firm start of connectivity is more than 12 months. There is an inherent mismatch here. **The auction mechanism has prioritized a "premium" criterion without any cognizance of project timelines.** It is not clear who this penalty will be imposed on or how much would the penalty quantum be?

5.4 Proposal 1- Option-III – Exit from Connectivity	*(iii) …..* *g (iv) After the bidding process is concluded, the successful bidder shall deposit the bid amount within 3 days…..*	It's not clear whether the connectivity grantee through auction must also submit Conn BG1, BG2 and BG3. Also, does the payment of the bid amount not contradict one of the basic principles of the Sharing Regulations which explicitly mentions that transmission charges must be borne by the DICs?
5.5 Proposal No.2 – Grant of fresh connectivity in the future. Option-II – In Future grant Connectivity only though the Auction mechanism	*Considering that Connectivity is a scarce resource, in the future, only an auction mechanism may be considered for the grant of Connectivity with a firm commitment to bring the project by the specified date.*	Connectivity has become a scarce resource **because of the misalignment of implementation timelines of transmission and RE generation projects**. This has been compounded by the fact that a large quantum of PPAs have not been signed post award of LOAs. **This situation of unsigned PPAs has been addressed through a policy measure of expiry of LOAs in 12 months for future bids. Therefore, this situation of unsigned PPAs of such magnitude is not likely to arise in the future**. The idea of auction being touted by some is more for the transmission capacity which is expected to be surrendered when developers exit LOA based connectivity. **To extend the idea of auction as a mechanism for all future transmission projects, therefore, is not necessary in view of the fact that the issue of unsigned PPAs is a one-time phenomenon only**.

		Further, it is a fact that transmission lines take around 3-4 years whereas most RE projects are expected to get commissioned within 24 months. There cannot be a prior presumption that transmission is a "scarce" resource – instead adequate and appropriate administrative and regulatory measures may be undertaken to ensure that transmission is available on time.