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Date: Sat, 27 Dec 2025 04:52:40 +0530
Subject: Comments/Suggestions - Staff Paper on the proposal for allocation of connectivity (on LoA route) where signing of the PPA/PSA is getting delayed
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Respected Madam/Sir,

PFA, comments and suggestion on subject cited above for your kind consideration. Thank you.

Warm Regards,

Manit Brahmbhatt
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Date: 26/12/2025

Torrent Green Energy Pvt. Ltd. - Comments and Suggestions - CERC Staff Paper on on the proposal for allocation of connectivity (on LoA route) where signing of the PPA/PSA is getting delayed

On outset, we would like to extend our gratitude to Hon'ble CERC for initiating this exercise and inviting comments/suggestions on the proposal for allocation of connectivity (on LoA route) where signing of the PPA/PSA is getting delayed.

The staff paper indicates that approximately **45 GW of connectivity granted through the LoA route** has remained without a signed PPA for more than 12 months from the date of issuance of LoA. This is a significant concern, as it leads to **underutilization of transmission infrastructure** and blocks capacity for other developers. Beyond the LoA route, connectivity acquired through **land BG route** also faces delays in PPA signing, compounding the issue.

Our Views and Suggestions

1. **Substitution of LOA1 with PPA under LOA2**

We support **proposal 1 Option II**, which suggests substitution of LOA1 with signed PPA under another LoA2. Post this conversion, original connectivity granted based on PPA2/LOA2 **should not be allowed to retain under land or land BG route**. It should be surrendered and come to the common pool so that other developer benefited from this.

2. **Connectivity Grant Basis**

We strongly support **Proposal No. 2, Option I**, which suggests that connectivity should **not be granted on the basis of LoA**. It should be granted only on the basis of a signed **PPA**. This will ensure that connectivity is linked to firm demand and committed projects.

However, we recommend that **other routes like land and land BG routes should continue** as they provide flexibility for developers. Under the land BG route, the **Bank Guarantee amount should be increased to ₹20 lakh/MW** to ensure only serious and committed players participate.

3. **Auction Mechanism**

Regarding **Proposal No. 2, Option II**, which suggests granting future connectivity only through an **auction mechanism**, we are of the view that **auction process should not be implemented**. In the presence of reverse e-auction for tariff discovery, introducing an auction for connectivity will create a **double financial burden** on projects and adversely impact viability.

4. **Risks of Auction**

The auction process can create **stranded PPAs without connectivity** and **stranded connectivity without PPAs**, defeating the intended objective. It may also encourage **speculative bidding** rather than participation by serious developers, which is contrary to the goal of efficient grid utilization.

Conclusion

We appreciate the intent of the staff paper to address connectivity underutilization and speculative booking. Our recommendations aim to:

- Align connectivity with committed projects (via PPA route).
- Retain flexibility through land BG route with stricter financial discipline.
- Avoid auction-based allocation to prevent financial stress and speculative behavior.