Ref No. Vena/CERC/Staff Paper/03

24th December,2025

The Secretary,
Central Electricity Regulatory Commission,
7th Floor, World Trade Centre, Tower B,
Naurojinagar, New Delhi – 110029

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

Ref. Notice dated 25.11.2025

Dear Sir,

This is with reference to the Notice dated 25.11.2025 inviting 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.

On behalf of Vena Energy, we are pleased to submit comments and suggestions on the aforesaid staff paper are being submitted herewith (as per enclosed **Annexure**) for kind consideration please.

Thanking You.

Yours sincerely,
For Vena Energy Infrastructure Services Private Limited

Authorised Signatory

Vena Energy Infrastructure Services Pvt. Ltd. Bengaluru

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Annexure

Sl. No.	Staff Paper Reference	Option	Provision in Staff Paper	Recommendation	Rationale / Justification
1	Para 5.4 – Proposal 1	Option-I: Exit from LoA Route without surrendering Connectivity	Staff Paper proposes retention of connectivity subject to furnishing an additional Performance Bank Guarantee (PBG) of ₹10 lakh/MW and compliance with milestones.	No additional Performance Bank Guarantee should be imposed. Developers opting to retain connectivity should be allowed to proceed without furnishing any additional PBG. Developers may be provided 18 months for commissioning. If no material progress is achieved within 15 months or COD is not achieved within 18 months, then all existing Conn-BGs (Conn-BG1, Conn-BG2 and Conn-BG3) shall be encashed in full and connectivity revoked.	Existing Conn-BGs already provide adequate financial security under the GNA Regulations. Imposition of an additional PBG results in double financial burden on developers, particularly when PPA delays are often beyond developer control. A strict milestone-linked encashment of existing BGs ensures discipline without over-penalisation.
2	Para 5.4 – Proposal 1	Option-II: Substitution of the LoA with a PPA signed under another LoA	Staff Paper permits substitution of LoA with another LoA under which a PPA has been signed.	Option-II is supported and should be retained.	
3	Para 5.4 – Proposal 1	Option-III: Exit from Connectivity	Staff Paper provides for surrender of connectivity with treatment of Conn-BGs.	Differentiated treatment of BGs is recommended: (a) Where connectivity was originally granted under LoA route, all Conn-BGs (Conn-BG1, Conn-BG2 and Conn-BG3) should be returned on exit. (b) Where connectivity was originally granted under Land/Land-BG route and later converted to LoA	In LoA-based grants, non-signing of PPA is generally not attributable to developer fault. Encashment of BGs in such cases would be inequitable. Limited encashment for projects originally granted under Land/Land-BG route preserves regulatory discipline without excessive penalisation.

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				route, only Conn-BG1 may be encashed, while Conn-BG2 and Conn-BG3 should be returned.	
4	Para 5.4 – Reallocation of Vacated Connectivity	Applicable to Option-III	Staff Paper proposes auction of vacated connectivity.	Sequential reallocation mechanism is recommended: (i) First, offer vacated connectivity to applicants already in CTU's queue based on original time-stamp; (ii) Second, offer remaining capacity, if any, to developers with signed DISCOM PPAs; (iii) Auction to be applied only to residual capacity, if any remains thereafter and PBG should not be taken additionally.	Preserves the sanctity of the time-stamped queue, enables faster utilisation through PPA-backed projects, and prevents speculative bidding. Auction should remain a last-resort mechanism, as connectivity is an access right linked to system planning, not a tradable commodity.
5	Para 5.5 – Proposal No. 2	Option-I: Only specified PPA as an eligible condition in place of LoA under Clause (a) of Regulation 5.8(xi)	Staff Paper proposes deletion of LoA route and permitting grant of connectivity only against specified PPAs.	The proposal to replace the LoA route with the PPA route is supported and is a positive regulatory step.	Considering the delay in conversion of LOA into PPA, connectivity can be granted only to projects demonstrating firm offtake arrangements.
6	Para 5.5 – Proposal No. 2	Option-II: Grant of Connectivity only through Auction mechanism in future	Staff Paper proposes auction-based allocation of all future connectivity with firm commitment to bring the project by the specified date.	Connectivity should not be allocated exclusively through auction mechanisms. Please refer our comment at Sr.4. Avoid introduction of dual competitive layers, i.e., section 63 of EA 2003 (competitive bidding) followed by connectivity auction. It is recommended to retain the PPA Route	Auction in connectivity will bring in following complications (a) The process needs to be validated by a regulator (similar to Sec-63 competitive bidding) which will introduce regulatory delay/uncertainty in process (b) Generators will be faced with competitive pressure with uncertain costs (reverse auction

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				and Land / Land-BG Route, supported by strict milestone timelines, milestone-based penalties, and revocation provisions, instead of premium-based auctions.	of REIA bidding vs forward auction in connectivity). This may result in project development uncertainty as connectivity may still be hoarded by non-serious players. (c) This also increases costs and BGs (blocking credit lines) for generators, and ultimately increased consumer tariff. Milestone-based enforcement directly targets non-serious applicants while maintaining cost discipline, predictability, and alignment with transmission planning objectives.

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