Ref. No.: WFEL/CERC/2025-26/26122025 **Date: 26 Dec 2025**

To,
The Secretary
Central Electricity Regulatory Commission (CERC)
7th Floor, World Trade Centre, Tower-B
New Delhi – 110029

Subject: Submission of Comments and Suggestions on "Staff Paper on Proposal for allocation of Connectivity granted (on LOA route) where the signing of the PPA/PSA is getting delayed"

Respected Sir/Madam,

With reference to the Public Notice No. L-1/261/2021/CERC dated 25.11.2025 issued by the Central Electricity Regulatory Commission, inviting comments and suggestions from stakeholders on the Staff Paper titled "Proposal for allocation of Connectivity granted (on LOA route) where the signing of the PPA/PSA is getting delayed", we hereby submit our comments and suggestions for the kind consideration of the Commission.

The said Staff Paper has been examined in detail, particularly with respect to the issues arising from non-signing or delay in signing of PPAs/PSAs for significant capacities of connectivity already granted under Regulation 5.8(xi)(a) of the CERC (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2022, and the alternate options proposed therein for utilisation of such connectivity.

Our comments and suggestions are enclosed herewith as **Annexure–I**, which we believe will contribute constructively to the deliberations and assist the Commission in addressing the emerging challenges in an effective and balanced manner.

We thank the Commission for providing stakeholders with an opportunity to share their views and request that our submissions may kindly be taken on record.

Thanking you.
For and on behalf of **Waaree Forever Energies Private Limited**



Rajiv Agrawal
Chief Operating Officer (COO)

Enclosure: - Annexture-I "Waaree's Recommendation on CERC's Staff Paper on "Proposal for allocation of Connectivity granted (on LOA route) where the signing of the PPA/PSA is getting delayed"

Annexture-I			
Waaree's Recommendation on CERC's Staff Paper on "Proposal for allocation of Connectivity granted (on LOA route) where the signing of the PPA/PSA is getting delayed"			
Sr No.	**Clause**	**CERC's Proposal on Staff Paper**	**Waaree's Recommendation**
1	**5.4 Praposal-1, Option-III (iii)**	After surrender of the Connectivity, such Connectivity shall be open for auction for all the developers in the following manner: **a.** CTUIL shall be the Nodal Agency for calling the auction of the vacated Connectivity and awarding the Connectivity to the successful bidder. **b.** Auction process shall be conducted by an agency as decided by the Commission/ Government, which may be any REIA, BPC, or any other agency having a well-established bidding platform. **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.** There shall be two windows for calling the auction of such surrendered Connectivity basis, whether the evacuation system exists or is under commissioning:	The Staff Paper, under Proposal 1 (Option 3), suggests that if a developer surrenders connectivity, such capacity should immediately be put to auction. **Recommendation:** We submit that this approach fails to integrate with the CTU's Draft Reallocation Procedure, which relies on a time-stamped, queue-based priority system. The Risk of "Cornering" Capacity- Bypassing the existing queue to auction vacated capacity creates a perverse incentive. Deep-pocketed entities could wait for surrenders and aggressively bid for capacity, effectively "jumping the queue" over developers who have been waiting diligently. This artificial inflation of connectivity costs contradicts the objective of competitive tariff discovery.
2	**5.5 Proposal No.2 – Grant of fresh connectivity in the future**	In light of the above discussions, the following two options are proposed for future applications for the grant of Connectivity: **Option-I –** Only specified PPA as an eligible condition in place of LoA under Clause (a) of Regulation 5.8(xi) **Option-II** – In Future grant Connectivity only though the Auction mechanism	The Staff Paper proposes that for future connectivity, the LoA route be deleted and only a PPA (under GoI guidelines) be considered a valid document. **Recommendation**: We respectfully submit that this restriction is legally untenable as it effectively bars Commercial & Industrial (C&I;) projects and other Open Access models from accessing the ISTS network. Legal Inconsistency with the Electricity Act, 2003 Section 9 (Captive Generation) and Sections 38/42 (Non-Discriminatory Open Access) of the Electricity Act, 2003, grant a statutory right to non-discriminatory open access. Limiting connectivity eligibility strictly to government-procured PPAs introduces a discriminatory classification that may be viewed as ultra vires the parent Act.
3	**5.5 Proposal No.2 – Grant of fresh connectivity in the future, Option-I**	**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.	Bureaucratic Fluidity vs. Merit-Based Allocation Proposal 2 (Option 1) suggests making the PPA signing the sole criterion for connectivity. **Recommendation:** PPA signing is administratively fluid and often delayed by factors beyond a developer's control (e.g., PSA adoption delays). Making this the criterion turns connectivity allocation into a "bureaucratic race" rather than a merit-based system, disadvantaged developers who won bids earlier but faced administrative bottlenecks. Contradiction with MNRE Guidelines for Under-Construction Projects If connectivity is denied until a PPA is signed, the "under-construction" category encouraged by MNRE guidelines becomes unviable. Investors cannot deploy equity into a project lacking grid access.





4	**5.5 Proposal No.2 – Grant of fresh connectivity in the future, Option-II**	**Option-II** – In Future grant Connectivity only though the Auction mechanism **iii.** 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. FC shall be achieved at least six months prior to the COD. The land documents need to be submitted at the time of COD and COD shall have to be achieved as per the date of COD indicated during auction. All existing routes (LoA/PPA, Land, and Land BG) for the grant of Connectivity shall be done away with for future applicants.	**Recommendation-**: The proposal to grant future connectivity only through an auction mechanism will force developers to lock in equity for long gestation periods (6-8 years) especially for the Sub stations where the Start date of connectivity has a lead time of 3-4-5 years. This introduces a "double auction" risk (Grid Auction + Tariff Auction), inevitably leading to higher tariffs for the end consumer for developers who are participating in RE auctions of under RE Bidding Guidelines.
5	**Waaree's Recommendation for Allotment of Connectivity**	To resolve these misalignments, we propose a unified "Provisional Connectivity" (PCN) framework that bridges the gap between LoA issuance and PPA signing, while ensuring strict discipline via the exit options already drafted by the Staff. Introduction of Provisional Connectivity (PCN) The Commission is requested to introduce a 12-month Provisional Connectivity stage. **Eligibility: (a)**Grant PCN based on (a) Letter of Award (LoA) from the REIA/Bid Conductor, AND **(b)** Proof of Land Rights. **Conversion:** PCN automatically converts to Final Connectivity upon submission of the signed PPA within the 12-month window. Mandatory Transition to "Proposal 1" Options Post-Expiry Crucially, to prevent indefinite capacity blocking, we propose a strict "sunset clause." If the developer fails to submit a signed PPA within the 12-month PCN validity period, the Provisional Connectivity must mandatorily transition to the remedial pathways outlined in Proposal 1 of the Staff Paper. Specifically, the developer must exercise one of the following: **Transition to Option I : (Exit LoA Route):** Convert to the Land/Merchant route by furnishing the enhanced Performance Bank Guarantee (PBG) of Rs. 10 Lakhs/MW and adhering to the 18-month SCOD timeline. **Transition to Option II (Substitution):** Substitute the underlying LoA with a signed PPA from another project/entity. **Transition to Option III (Surrender)**: Exit the connectivity, triggering the penalty mechanisms (encashment of Conn-BG1) and releasing the capacity for reallocation. Prioritization Based on Bid Award Date To eliminate the "bureaucratic race," priority for connectivity must be anchored to the "Date of Issuance of LoA/Bid Award" rather than the date of PPA signing.	
5	**Other General Observation and Recommendation**		
	Auction may encourage speculative high bidding.		
	Staff Paper proposes auction-based allocation of vacant connectivity under Sections 5.4/5.5.		
	Auction premium adds cost without improving transmission system performance.		
	Risk that PPA winners may lose connectivity auction, or connectivity winners may not win PPAs.		
	Auction introduces a second competitive layer after PPA bidding.		
	Staff Paper admits PPA delays are not solely developer's fault.		
	Proposal removes PPA/Land routes and gives future connectivity only via auction.		
	LOA route blocks connectivity without real progress.		
	Connectivity should go only to serious developers.		
	Need a fair mechanism for legacy LOA/PPA connections.		
	Auction creates premium-based allocation, which may favor only large/bid-aggressive developers.		
	Proposed auction mechanism for vacated connectivity may lead to higher cost burden on developers.		
	Paper proposes direct auction of vacated connectivity without first offering the capacity to entities with signed PPAs awaiting connectivity.		
	Current framework does not explicitly allow flexibility for transferring connectivity to private PPA / C&I; projects that have firm commissioning timelines and are ready to utilize available transmission capacity.		



