Staff Paper

on

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

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1. Background

1.1 Under the GNA Regulations, an REGS or ESS may apply for the grant of Connectivity under either of the following routes:

i. LoA/PPA route (under Regulation 5.8(xi)(a) of the GNA Regulations) – An entity may seek Connectivity on the basis of the LoA issued by or PPA entered into with (i) REIA or (ii) distribution licensee or (iii) authorized agency on behalf of licensee, or (iv) the Central government approved third party acting as an authorized representative of the generating station.

ii. Land Route (under Regulation 5.8(xi)(b) of the GNA Regulations) - An entity may seek Connectivity by submitting the land document for 50% of the land required for the capacity for which Connectivity has been sought.

iii. Land BG Route (under Regulation 5.8(xi)(c) of the GNA Regulations) - An 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.

1.2 Further, the timelines of milestones to achieve Financial Closure (FC) and CoD of the project are linked with the SCOD/ or extended SCOD in terms of the LoA/PPA (under Regulation 11A(2) and Clause (a)(ii) of Regulation 24.6(1) of the GNA Regulations, respectively).

2. Details of the issue

2.1 It has come to light that PPAs have not been signed for significant capacity, for which Connectivity has been obtained under Regulation 5.8(xi)(a) of the GNA Regulations by furnishing an LOA issued by REIAs. Generally, the RE Developers start implementing the project only after signing the PPA. If PPA signing is delayed, a situation arises in which a large quantum of the Connectivity granted on the basis of LOA is not optimally utilised. Sub-optimal utilisation of the transmission system or delayed utilisation of such system arises when the associated transmission system gets commissioned, but the Connectivity grantee fails to commission the linked RE projects.

2.2 On the other hand, there may be entities that can bring the project within that time frame but are not able to secure the Connectivity as there is no evacuation margin or space available in the existing or the present planned transmission system. For the grant of Connectivity, new transmission systems are required to be planned and implemented, which may have a long implementation time frame and lead to cost implications for the system as a whole.

2.3 MoP vide its letter dated 30.9.2025 has also sent certain suggestions based on the recommendation of the Committee under AS(MoP) and AS(MNRE) to suggest a way forward to treat connectivity granted based on such LOAs, where PPAs have not been signed.

3. Tentative Capacity of the Connectivity granted on LOA, where PPA is yet to be signed

3.1 To discuss the issues of Projects, where Connectivity is granted on the basis of LOA but PPA is yet to be signed, a meeting was conducted on 27.06.2025 by the staff of the Commission with representatives from MNRE, CTUIL and REIAs (SECI/ NTPC/ NHPC/ SJVNL). As per the discussion during the meeting, the REIAs, vide a letter dated 09.07.2025, were asked to provide the data in respect of the Connectivity granted on the basis of the LOA for which the PPA is yet to be signed. Based on the data submitted by the REIAs, the following are the tentative details of Connectivity, which has been granted on the basis of LoA for which PPA is yet to be signed (till June, 2025):

All figure in MW

State	SECI	NTPC	NHPC	SJVNL	Total State wise
Rajasthan	5421	4496	8012	820	18749
Gujarat	1230	150	450	500	2330
Maharashtra	548	1164	1700	352	3764
Madhya Pradesh	84	170	4160	440	4854
Karnataka	1449	1001	2530	2012	6992
Andhra Pradesh	2988.5	650	2935	540	7113.5
In other States		750		790	1540
Total	**11720.5**	**8381**	**19787**	**5454**	**45342.5**
Connectivity applied (included in above total) but yet to be granted	250	3871	9100	320	13541
REIA wise Connectivity granted	**11470.5**	**4510**	**10687**	**5134**	**31801.5**

The above data is tentative since there is a possibility that PPA may have been signed for some of the capacity since the time the data was collected.

3.2 As per above, tentatively 31.8 GW of capacity has been granted connectivity, and if the connectivity at the application stage is included, tentatively 45.34 GW of Connectivity is granted on LoA basis for which PPAs are yet to be signed. This is a very significant quantum of Connectivity, as the corresponding transmission systems are either implemented or under implementation.

3.3 Further, REIAs were also asked to provide their views on *"What liabilities should be put on the Developers on the LoA route, if they are allowed to exit/surrender the Connectivity, and how such vacated Connectivity can be allocated to other entities? Whether the vacated Connectivity should be auctioned, considering the Connectivity as a scarce resource, where the winning bidder shall bring the project within a strict timeline?* The REIAs have provided their views as under:

REIA 1

The following options may be considered where signing of the PPA/PSA which is pending for more than one (1) year and connectivity is sought on the basis of LoAs issued by REIAs:

i. First option - Allow the use of connectivity for other LOAs issued to the same Connectivity grantee by the same REIA where PPA/PSA is signed. It should not be treated as an exit by the RE generator.

ii. Second option – Allow the use of connectivity by the same grantee for LOAs issued by other REIAs where PPA/PSA is signed. It should not be treated as an exit by the RE generator.

iii. Third option – Allow the same grantee to use the connectivity for any customer/ any other agency RE projects where PPA/PSA is signed and 50% land is available for development of the project at the same location/other location and the project is to be commissioned within 24 months or up to the date of availability of GNA operationalisation, whichever is later. It should not be treated as an exit by the RE generator.

iv. Fourth Option: Exit the Connectivity

(a) If any of the above three options are not possible, then the RE developer may be allowed to exit without encashment of BGs, if the ATS identified in the grant of connectivity is not awarded. However, in case the ATS has been awarded, then BGs submitted by the connectivity grantee should be released 90 days after the requisite securities are furnished by the new connectivity grantee, as per the following:

(b) Once the original connectivity grantee is permitted to exit, then vacated connectivity should be allocated through the following procedures: -

a. Fresh application for the grant of this vacant connectivity should be invited through any of the identified modes in the regulation (i.e., LOA/ Land/ Land-BG route) within a period of 21 days through the auction method.

b. Auction should be permitted only for those RE developers who agree to commission the projects within 24 months or up to the date of availability of GNA operationalisation, whichever is later, and agree to bear the liabilities of the earlier grantee, if any.

c. Auction should select the applicant offering the highest premium for the grant of the connectivity.

REIA 2

i. In case of non-signing of PSA/PPA within 1 year period from the date of issuance of LOA, the developers may be provided an exit route without encashment of BGs in the following manner:

a. A window period of 2 months (beyond 1 year of issuance of LOA) may be provided to developers for opting for surrender of connectivity without encashment of BGs.

b. Those developers who do not opt to surrender the connectivity within the above window period, treatment in such cases may be continued as per the existing regulation.

ii. The vacated connectivity (obtained earlier through the LOA route) may be auctioned based on the upcoming project commissioning timeline.

REIA 3

i. For the Connectivity granted on the LoA route, in case of termination of such LoA due to non-signing of PSAs, REGS should be allowed to exit without any liability.

ii. The vacated Connectivity should be auctioned with the winning bidder committing to execute the project in a strict timeline. Further, the amount received from the auction be passed on to CTU.

As per the above, all REIAs have suggested a liability-free exit for REGS, where an LOA is issued but a PPA is not signed, and have suggested an auction as a mode for reallocating such vacated Connectivity. The REIAs have also recommended considering the premium offered and the implementation timeline as parameters when evaluating the developers who participate in the Auction.

3.4 The recommendation by the Committee under AS(MoP) and AS(MNRE) inter-alia includes the following:

"A. Surrender of connectivity under LoA route: Connectivity grantees with LoAs older than 12 months may be provided a three-month window to choose one of the following Options:-

i. Surrender the connectivity without any financial penalty, or

ii Migrate to merchant mode, with a Scheduled Commercial Operation Date set at two years from the date of opting for this route. Projects choosing the merchant mode will be issued a No Objection Certificate from the REIAs for a one-way migration to the Land/ Land BG connectivity route, facilitating financial closure and commencement of construction; reconversion to the LOA route will not be permitted.

Further, Options may be offered on a rolling basis, with each batch given a three-month exit window until all legacy LOAs are exhausted. LOA holders who fail to exercise either option within the prescribed period will have their connectivity cancelled.

B. LoA swapping-within the same parent company: LoA swapping may be permitted only in cases where a PSA has been executed, subject to obtaining an NOC from the concerned REIA."

4. Provisions under the GNA Regulations regarding the relinquishment of Connectivity

4.1 It is relevant to note the provisions of extant Regulations in case the entity under consideration exits the Connectivity, i.e, relinquishes the Connectivity.

4.2 Regulations 24.1 to 24.3 of the GNA Regulations provide as under:

"24.1. Connectivity grantee may relinquish, in full or in part, the Connectivity with a notice of 30 days to the Nodal Agency. The Nodal Agency shall issue revised grant of Connectivity to such Grantee, in case the Connectivity has been relinquished in part.

24.2. For entities covered under Regulation 7.1 and Regulation 7.2 (Augmentation without ATS) and where Conn-BG2 and Conn-BG3, as applicable, has been furnished as per Regulation 8.2 of these regulations, the following shall apply:

(a) In case of relinquishment of full quantum of Connectivity, (i) subsisting Conn-BG1 shall be encashed, (ii) subsisting Conn-BG2 shall be encashed if the terminal bay(s) are already developed or construction of which has already been awarded for implementation and (iii) subsisting Conn-BG3 shall be encashed.

(b) *In case of relinquishment of part quantum of Connectivity, (i) subsisting Conn-BG2 shall be encashed in proportion to the relinquished quantum of Connectivity if the terminal bay(s) are already developed or the construction of which has already been awarded for implementation and (ii) subsisting Conn-BG3 corresponding to the relinquished quantum of Connectivity shall be encashed. Conn-BG1 shall be returned in terms of Regulation 16.1 considering full capacity after excluding such relinquished quantum.*

24.3. For entities covered under Regulation 7.2 where augmentation with ATS is required, and where Conn-BG2 has been furnished as per Regulation 8.3 of these regulations, the following shall apply:

(a) *In case of relinquishment of full quantum of Connectivity, subsisting Conn-BG1 shall be encashed and subsisting Conn-BG2 shall be encashed corresponding to the ATS and terminal bay(s), construction of which has already been awarded for implementation.*

(a) *In case of relinquishment of part quantum of Connectivity, subsisting Conn-BG2 shall be encashed in proportion to the relinquished quantum of Connectivity corresponding to the ATS and terminal bay(s), construction of which has already been awarded for implementation. Conn-BG1 shall be returned in terms of Regulation 16.1 considering full capacity after excluding such relinquished quantum."*

As per above, in case of relinquishment of the full quantum of Connectivity, the subsisting Conn-BG1, Conn-BG2 (if the terminal bay(s) or ATS, if any, are already developed or the construction of the same has already been awarded for implementation), and/or Conn-BG3, as applicable, shall be encashed. Further, in case of relinquishment of part quantum of Connectivity, proportionate quantum of Conn-BG2 and Conn-BG3, as appropriate, shall be encashed.

5. Proposal

5.1 The Conn-BGs under the GNA Regulations serve as a security against the transmission system and to restrict non-serious Applicants and to ensure the timely commissioning of the generation project. This also ensures the timely use of the transmission system, for which the public at large ultimately pays the transmission charges. The GNA Regulations provide for the encashment of such Conn-BGs, if the Connectivity grantee fails to commission the project within the stipulated timeline. The amount received from such encashment of Conn-BGs is adjusted in the monthly transmission charges of the users.

5.2 The transmission system, including the bay which has been kept blocked by an entity without implementing the generation project, could have been allocated to any other player committed to bringing the generation project within the stipulated time and thereby ensuring optimal utilisation of the transmission system. Therefore, Connectivity, as a scarce resource, should be allotted only to committed players who are ready to bring the project to fruition in a timely manner and ensure its utilisation.

5.3 In order to have a mechanism for effective utilisation of the transmission system, there is a need to find a solution to free the Connectivity granted to an entity on the LOA route where the signing of the PPA/PSA is getting delayed. The freed Connectivity can be utilised to grant Connectivity to applicants who are committed to bringing the project within a strict timeframe. Further, it is to be considered that, for entities where an LOA was issued, REGS expected that the PPA would be signed; hence, the entire responsibility for non-signing of the PPA cannot be placed on the REGS or the Discoms. Therefore, it is prudent to have an appropriate mechanism for optimal and timely utilisation of the transmission system. Accordingly, the following are proposed:

5.4 **Proposal 1– Connectivity has been granted on the basis of LoA, but the signing of the PPA is delayed**

(a) An entity that has been granted Connectivity on the basis of LoA, where the signing of the PPA is delayed for more than 12 months, shall be considered under the proposal.

(b) Such entity shall be allowed to opt for either of the following options:

Option – I: Exit from LoA route without surrendering Connectivity

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.

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

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

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.

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.

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.

vii. The entities whose revocation date has already been triggered due to non-submission of the Financial Closure document or COD shall be treated in terms of the GNA Regulations.

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.

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

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

b. If the entity fails to achieve the CoD of the project within the stipulated timeline, such entity shall be permitted to seek additional time of up to six months with payment of MEC @ Rs 5000/MW/day. Such charges shall be paid on a per-day basis and 15 days in advance for the next 30 days.

c. If the entity seeks extension of multiple milestones together, such entity shall be liable for payment of Milestone Extension Charges (MEC) against each milestone.

d. In case of failure to furnish the MEC, such charges shall be encashed from the Performance Bank Guarantee submitted by such entity.

x. In case Land Documents or financial closure is not furnished by the extended timeline or COD is not achieved within the stipulated timeline or the extended timeline, connectivity for the proportionate quantum shall be revoked and Conn-BG shall be treated in terms of Regulations 24.3 and 24.4 of the GNA Regulations. The Performance Bank Guarantee shall also be encashed.

xi. The amount received towards the MEC, as above, or towards the encashment of the Conn-BGs PBG, shall be used to reduce the monthly transmission charges of the DIC under the Sharing Regulations.

Example:

Suppose an entity 'A' has been granted Connectivity for 300 MW on LoA route with firm start date of Connectivity as 01.03.2027. Entity has submitted the Conn-BG1 for Rs. 50 Lakh, Conn-BG2 for Rs. 3 Crore and Conn-BG3 for Rs. 6 Crore.

Entity opted for part conversion of 200 MW under Option-I, and allowed conversion on 01.01.2026. The treatment for 200nMW Connectivity shall be as per the following and the remaining 100 MW shall be revoked and governed in terms of Regulation 24.6:

a) Entity 'A' shall be required to furnish Performance Bank Guarantee (PBG) – Rs. 20 Crore (Rs. 10 lakh/MW)

b) Firm start date of Connectivity shall remain as 01.03.2027.

c) SCOD, after conversion, shall not be beyond 30.06.2027 (18 months from 01.01.2026)

d) Land Document submission - by 31.12.2026 (12 months from 01.01.2026)

e) Achieving of Financial Closure (FC) – by 31.03.2027 (15 months from 01.01.2026)

f) In case the GNA is made effective on 01.03.2027 and entity achieve the COD on 30.06.2027, Entity shall be liable for payment of applicable mismatch charges in terms of the Sharing Regulations for the period 02.03.2027 to 29.06.2027.

g) In case of delay in achieving the above milestones, Entity can seek additional time from CTUIL:

   - upto 31.03.2027 for land document subject to payment of Milestone Extension Charges (MEC) @ Rs 1500/MW/per day
   - upto 30.06.2027 to achieve Financial Closure subject to payment of MEC @ Rs 1500/MW/per day
   - upto 31.12.2027 to achieve CoD subject to payment of MEC @ Rs 5000/MW/per day

Option-II: Substitution of the LoA with a PPA signed under another LoA

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.

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 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.

iii. Such a request for substitution of LoA1 with PPA signed under LoA2 shall be submitted along with the NoC from both REIAs and, with the approval of the change in the project location, if required, from the REIA that issued LOA2.

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.

v. For the purpose of achieving the COD of the project under Regulation 24.6, SCOD/ extended SCOD as per the PPA shall be considered.

vi. In case of failure to achieve FC or COD, the Connectivity shall be revoked and Conn-BGs shall be treated in terms of Regulations 24.2 and 24.3 of the GNA Regulations.

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.

viii. After substitution of the LoA1 with the PPA under LoA2, the Connectivity granted basis the LoA2 may be converted to Land or Land BG route and shall comply with Regulation 11A(3) and Regulation 24.6(1)(iii) of the GNA Regulations. If not converted, it shall be considered as surrendered. If the Connectivity granted for LoA2 is surrendered, the same, along with the associated Conn-BGs, shall be treated in the manner provided at Option-III (Auction of the vacated Capacity)

ix. In case of difference in the configuration of the sources under both earlier LoA and the substituted PPA, such substitution shall be permitted by the Nodal Agency, considering the availability of the Connectivity with solar hour access and non-solar hour access. In case of limitation of such access, the substitution of LoA with PPA under LoA2 shall be processed only if the applicant does not have any issue with such limitation.

x. If substituted, PPA is in the name of the Parent company or subsidiary company or subsidiary company of the same parent company of Connectivity grantee, as the case may be, the liability towards such connectivity till the CoD of the project shall remain with the original Connectivity grantee.

xi. In case of a requirement for a change in the drawal of the energy from the grid for charging the ESS, the application seeking the same may be made to CTUIL, which the CTUIL shall process as per the provisions of the GNA Regulations.

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.

xii. Failure to achieve Financial Closure within the stipulated timeline or the extended timeline, connectivity shall be revoked and Conn-BG shall be treated in terms of Regulations 24.3 and 24.4 of the GNA Regulations.

xiii. The amount received towards the MEC, as above, or towards the encashment of the Conn-BGs, shall be used to reduce the monthly transmission charges under the Sharing Regulations.

Example:

Suppose an entity ‘A’ has been granted Connectivity for 300 MW at substation ‘X’ on LoA1 basis with firm start date of Connectivity as 31.12.2026. The SCOD indicated under the connectivity application was 31.08.2026. As per Regulation 11A(2) of the GNA Regulations, FC has to be achieved by 31.06.2026 (6 months prior to SCOD or firm start date of Connectivity, whichever is later).

The same entity has also an PPA signed under another LoA2 for 200 MW having SCOD under PPA as 31.10.2027. The entity has been granted Connectivity for 200 MW at substation ‘Y’ on the basis of LoA2 with firm start date of Connectivity as 01.02.2028.

Entity opted for part substitution of LoA1 with PPA for 200 MW under Option-II, and the same has been allowed on 01.01.2026. The treatment for 200 MW Connectivity shall be as per the following and for the remaining 100 MW, entity may seek to convert it on other routes or relinquish the same:

a) Achieving of Financial Closure (FC) – by 30.04.2027 [later of, (by 6 months prior to SCOD under PPA, i.e. by 30.04.2027) or (by 6 months prior to firm start date of Connectivity on LoA1 basis, i.e. by 30.06.2026)].

   In case SCOD in the PPA is extended as 01.04.2029, the FC needs to be achieved by 30.04.2028

b) For the purpose of achieving the COD of the project under Regulation 24.6, SCOD shall be considered as 31.10.2027 (if the SCOD is not extended) or 01.04.2029 (if the SCOD is extended).

c) The Connectivity of 200 MW granted based on LoA2 at substation 'Y' can be converted to Land or Land BG route, or can be surrendered. In case of surrendering of the Connectivity, the same shall be treated in terms of Option-III, i.e. Conn-BG1 shall be revoked, Conn-BG2 and Conn-BG3 shall be returned and surrendered Connectivity will go under Auction.

d) In case the GNA is made effective on 31.12.2026 and entity achieve the COD on 31.03.2029, Entity shall be liable for payment of applicable mismatch charges in terms of the Sharing Regulations for the period 01.01.2027 to 29.03.2029.

e) In case of delay in achieving Financial Closure, Entity can seek additional time: upto 31.07.2027 (if SCOD is not extended) or upto 31.03.2028 (if SCOD is extended) to achieve Financial Closure subject to payment of MEC @ Rs 1500/MW/per day

Option-III – Exit from Connectivity

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.

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.

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:

i. In case the auction of the Connectivity is done at the substation which has achieved COD or is under construction with an anticipated date of commissioning within 12 months of the surrender of the Connectivity, the following modalities of auction shall be applicable. It is assumed that GNA would be effective upon commissioning such a substation.

- The commissioning timeline of the project for such awarded connectivity shall be up to 12 months.
- Minimum quantum of bid shall be 50 MW.
- The connectivity agreement shall be signed within one month of the award of the Connectivity between the successful bidder and CTUIL.
- CTUIL shall intimate the details as under Regulation 9.1 of the GNA Regulations to the successful bidder, within 15 days of receipt of the Performance Bank Guarantee (PBG).
- The successful bidder shall furnish technical connection data as under Regulation 10.1 of the GNA Regulations, within three months of the signing of the Connectivity agreement or two months prior to the firm start date of Connectivity, whichever is earlier, after that Regulations 10.2 and 10.3 of the GNA Regulations shall be followed.
- Such entity shall furnish documents of land and Financial Closure, nine months and six months before the COD respectively.

ii. 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.
- Minimum quantum of bid shall be 50 MW.

- Such entity shall furnish the land document within 12 months and shall submit the financial closure document within 15 months, from the award of the Connectivity or one month prior to the firm start date of Connectivity, whichever is earlier.
- After award of the Connectivity to the successful bidder, a Connectivity agreement shall be signed within one month of the award of the Connectivity between the successful bidder and CTUIL.
- Within 15 days of receipt of the PBG, CTUIL shall intimate the details as under Regulation 9.1 or Regulation 10.5, as applicable, of the GNA Regulations to successful bidder.
- The successful bidder shall furnish technical connection data as under Regulation 10.1 of the GNA Regulations, subsequent to that Regulations 10.2 and 10.4 of the GNA Regulations shall be followed.

e. Base Price for Auction of the surrendered Connectivity

   i. Base price for auction shall be Rs 3 lac/MW, calculated as under:

      a. Conn-BG2 for 220 kV bay (Rs. 3 Crore, considering the cost of 220 kV bay which caters to 300 MW i.e. Rs. 1 lac/MW) plus Conn-BG3 for Rs. 2 Lakh/MW

      b. Cumulative amount of Conn-BGs for MW, which was supposed to be encashed in case of revocation of Connectivity, is Rs. 3 Lakh/MW.

f. Amount Realised from Auction will compensate for the Conn-BGs, which have been proposed to be returned to the exiting entity.

g. Submission of Earnest Money Deposit (EMD) and Performance Bank Guarantee (PBG) by the entity covered under the above Clauses (i) and (ii):

   i. Earnest Money Deposit (EMD) shall be furnished by each entity participating in the auction and the successful bidder will furnish the Performance Bank Guarantee (PBG).

   ii. Bidder shall submit its bid along with a non-refundable bid processing fee of Rs. 5 lakh plus applicable taxes (digital payment) and EMD as 5% of the base price in the form of a Bank Guarantee.

iii. The successful bidder shall furnish a PBG for an amount of 10% of the base price in the form of Bank Guarantee. The PBG shall be submitted within 15 days of the award of the Connectivity.

iv. After the bidding process is concluded, the successful bidder shall deposit the bid amount within 3 days. The bidding agency shall release the Bank Guarantees towards EMD of the unsuccessful Bidders within 15 days after the award of the Connectivity to the Successful Bidder. The Bank Guarantees towards EMD of the successful Bidder shall be released within 15 days of the submission of the PBG by such Bidder to CTUIL. The PBG shall be returned after successful commissioning of the Project in five equal instalments over five years corresponding to the generation capacity which has been declared under commercial operation by the Connectivity grantee.

v. If the successful bidder fails to sign the Connectivity agreement or to furnish the PBG within the stipulated timeline, Connectivity shall be revoked and EMD shall be encashed.

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 –

If the entity, covered under above clause (c)(ii), fails to furnish the land document or Financial Closure within the stipulated timeline, such entity can seek additional time upto three months, subject to the payment of Milestone Extension Charges (MEC) @ Rs 1500/MW/per day. Such charges shall be paid on per day basis and 15 days in advance for next 30 days.

ii. If the entity, covered under the above clauses (c)(i) and (ii), fails to achieve the CoD of the project within the stipulated timeline, such entity may seek additional time up to six months, subject to the payment of MEC @ Rs 5000/MW/ day. Such charges shall be paid on a per-day basis and 15 days in advance.

i. Failure to furnish the land document, or Financial Closure document, or to achieve CoD, for the full or part quantum of the Connectivity, Connectivity shall be revoked for the proportionate quantum, and proportionate quantum of PBG shall be encashed.

j. The amount received towards the MEC, as above, or towards the encashment of the PBG, shall be used to reduce the monthly transmission charges of drawee DICs under the Sharing Regulations.

iv. Utilisation of the amount received from the Auction of the Connectivity

a. Out of the total amount collected from such auction, a part equivalent to the sum of the Conn-BG2 + ConnBG3 (corresponding to the surrendered connectivity under auction) shall be adjusted in the monthly ISTS transmission charges of the DICs (in lieu of the return of the Conn-BG2 and Conn-BG3, which was otherwise supposed to be encashed under the existing GNA Regulations).

b. The remaining amount, if any, of the auctioned money shall be transferred to Ancillary Services pool account.

Example: Suppose an entity 'A' has been granted Connectivity for 300 MW on LoA route. Entity has submitted the Conn-BG1 for Rs. 50 Lakh, Conn-BG2 for Rs. 3 Crore and Conn-BG3 for Rs. 6 Crore.

Entity opted to surrender the Connectivity under Option-III, and the same has been allowed on 01.01.2026. CTUIL shall encash Conn-BG1 and shall return Conn-BG2 and Conn-BG3. The surrendered Connectivity shall go under auction as under:

Case-I for sub-clause (c)(i) - Connectivity is granted at the substation which has achieved COD or under construction and with anticipated date of commissioning within 12 months of the surrender of the Connectivity. Auction of such surrendered Connectivity shall be done in terms of the following

a) Minimum quantum to bid – 50 MW

b) Commissioning time line shall not be more than 12 months

c) Such entity shall furnish documents of land and Financial Closure, nine months and six months before the COD, respectively.

d) Entity bidding highest auctioned money above the base price shall be awarded the corresponding Connectivity.

Suppose 300 MW of connectivity is under Auction and the base price is Rs. 3 Lakh/MW. Following entity has participated in auction:

- Entity 'A' bided for 100MW @ of Rs. 4 Lakh/MW
- Entity 'B' bided for 150 MW @ of Rs. 3.8 Lakh/MW
- Entity 'C' bided for 100 MW @ of Rs. 3.7 Lakh/MW
- Entity 'D' bided for 50 MW @ of 3.5 Lakh/MW
- Entity 'E' bided for 50 MW @ of 3.4 Lakh/MW

Award of Connectivity shall be done as under:

- Entity ‘A’ shall be awarded connectivity for 100MW
- Entity ‘B’ shall be awarded connectivity for 150MW
- Entity ‘C’ shall be awarded connectivity for 50MW
- If entity ‘C’ denied to take award of 50 MW as he has quoted for 100 MW, Entity ‘D’ shall be awarded for the connectivity of 50 MW

Case-II for sub-clause (c)(ii) – Auction of the surrendered Connectivity for the future substation (either in construction stage or under planning stage), or at the existing substation for which the firm start date of Connectivity is more than 12 months, shall be done in terms of the following:

a) Minimum quantum to bid – 50 MW

b) Fixed timeline of 24 months for commissioning of the project or the commissioning of the substation, whichever is later.

c) Supposed award placed on 01.01.2026 and firm start date of Connectivity is 01.10.2027, the entity shall:

   - submit land document by 31.12.2026
   - furnished the Financial Closure document by 31.03.2027 (within 15 months from award, i.e. by 31.03.2027 or one month prior to the firm start date of Connectivity, i.e. by 30.09.2027, whichever is earlier)

d) Entity bided highest auctioned money above the base price shall be awarded the corresponding Connectivity.

   Suppose 300 MW of connectivity is under Auction and the base price is Rs. 3 Lakh/MW. Following entity has participated in auction:

   - Entity ‘A’ bided for 100 MW @ of Rs. 4 Lakh/MW
   - Entity ‘B’ bided for 150 MW @ of Rs. 3.8 Lakh/MW
   - Entity ‘C’ bided for 100 MW @ of Rs. 3.7 Lakh/MW
   - Entity ‘D’ bided for 50 MW @ of 3.5 Lakh/MW
   - Entity ‘E’ bided for 50 MW @ of 3.4 Lakh/MW

   Award of Connectivity shall be done as under:

   - Entity ‘A’ shall be awarded connectivity for 100MW
   - Entity ‘B’ shall be awarded connectivity for 150MW
   - Entity ‘C’ shall be awarded connectivity for 50MW
   - If entity ‘C’ denied to take award of 50 MW as he has quoted for 100 MW, Entity ‘D’ shall be awarded for the connectivity of 50 MW

e) In case of delay in achieving of the milestones, Entity can seek additional time (in terms of below clause (f)):

- upto 31.03.2027 for land document subject to payment of Milestone Extension Charges (MEC) @ Rs 1500/MW/per day
- upto 30.06.2027 to achieve Financial Closure subject to payment of MEC @ Rs 1500/MW/per day
- upto 01.04.2028 to achieve CoD subject to payment of MEC @ Rs 5000/MW/per day

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)

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.

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 atleast 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.

5.6 Stakeholders may provide their suggestions/comments to the Staff of the Commission on the proposals mentioned above.