

To,
The Secretary,
Central Electricity Regulatory Commission,
7th Floor, World Trade Centre, Tower B,
Nauroji Nagar, New Delhi-110029

Subject: Submission of Comments on Draft CERC (Connectivity and General Network Access to the inter-State Transmission System) (Fourth Amendment) Regulations, 2025

Respected Sir,

In pursuance of the public notice issued by the Hon'ble Central Electricity Regulatory Commission (the "Commission") under Section 178(3) of the Electricity Act, 2003 read with the Electricity (Procedure for Previous Publication) Rules, 2005, I hereby submit my comments and suggestions on the Draft Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) (Fourth Amendment) Regulations, 2025 ("Draft Regulations").

The comments are submitted for the kind consideration of the Hon'ble Commission in furtherance of the regulatory objectives and principles governing the inter-State transmission system. It is respectfully prayed that the Hon'ble Commission may take these comments into account while finalizing the Draft Regulations.

Regards

Surya Kant

S.No.	Earlier Regulation	Proposed Regulation	Comments
1.	New Clause	<p>New Clause (6) of Regulation 11A</p> <p>A new Clause (6) shall be added after Clause (5) of Regulation 11A of the Principal Regulations, as under: “ (6) Any changes in shareholding pattern of the Connectivity grantee upto CoD of the project shall be subject to the following: (a) The promoters of the Connectivity grantee shall not cede control (where control shall mean the ownership, directly or indirectly, of more than 50% of the voting shares of such Company or right to appoint majority Directors) of the Company. (b) In case the Connectivity grantee has multiple promoters (but none of the shareholders have more than 50% of voting rights and paid-up share capital), the shareholding pattern shall be maintained and cannot be changed upto COD of the project. (c) Any change in shareholding pattern other than covered in sub-clauses (a) and (b) shall require prior approval of the nodal agency and shall be filed for information of commission within 45 days of such approval. Nodal Agency may allow such application considering the practical requirement for change in shareholding (d) In case any change in control or shareholding pattern of the Connectivity grantee is carried out in</p>	<p>1. Restrictive for Investors and Financial Viability</p> <p>Issue: The regulation severely restricts changes in shareholding, which could deter potential investors, particularly in capital-intensive projects such as renewable energy.</p> <p>Example: Many renewable energy developers rely on equity infusions from financial investors, infrastructure funds, or strategic partners to meet their funding requirements. Suppose a company secures connectivity but later requires additional capital due to increased project costs. If an external investor is willing to acquire a controlling stake and infuse fresh capital, this regulation would prohibit such a transaction, forcing the company to either abandon the project or seek high-cost debt financing.</p> <p>Suggestion: The regulation should allow flexibility for financial restructuring, subject to conditions ensuring project continuity rather than an outright prohibition.</p> <p>2. Limited Flexibility for Business Decisions and M&A Activity</p> <p>Issue: The inability of promoters to cede control until CoD does not reflect the dynamic nature of the energy sector, where M&A transactions, joint ventures, and shareholding realignments are frequent.</p>

		<p>contravention to sub-clauses (a) to (c) of this Clause, the Connectivity shall be revoked, Bank Guarantee submitted under subclause (c) of Clause (vii) or sub-clause (c) of Clause (xi) of Regulation 5.8 of these regulations shall be encashed, and Conn-BG1, Conn-BG2 and ConnBG3 shall be treated in terms of Regulation 24.2 or Regulation 24.3 of these regulations, as applicable.”</p>	<p>Example: Suppose Company A has obtained connectivity for a 500 MW solar project but later decides to merge with a larger entity, Company B, to leverage synergies and financial strength. Since Company B will acquire more than 50% shares, this regulation would prohibit the transaction. This restriction may force developers to abandon beneficial M&A transactions that could enhance project viability.</p> <p>Suggestion: The regulation should allow changes in control where the incoming shareholder commits to fulfilling all obligations and maintaining project timelines.</p> <p>3. Disproportionate Penalty for Violations</p> <p>Issue: The regulation imposes extreme consequences, including revocation of connectivity and encashment of bank guarantees, for any change in shareholding that does not comply with the provisions. This is excessive and could discourage investment.</p> <p>4. Example: A developer making a minor change in shareholding to accommodate a new financial partner could inadvertently trigger connectivity revocation. This could delay the entire project, affecting power supply commitments, financial closures, and contractual obligations.</p> <p>Suggestion: Instead of immediate revocation, a graded penalty system should be introduced, where first-time violations attract financial penalties or a grace period for compliance correction.</p>
2.	<p>Substitution of Proviso to Regulation 19.2</p> <p>Provided that such additional GNA quantum to be added in each of the next three financial years</p>	<p>“Provided that such additional GNA quantum to be added in each of the next three financial years shall be applicable from a specified date(s) of the</p>	<p>1. Unnecessary Restriction on Flexibility</p> <p>a. Capping additional GNA applicability to four dates per financial year imposes rigid constraints on STUs and intra-State entities.</p>

	shall be applicable from a specified date of the respective financial year.	respective financial year subject to a maximum four dates for a year ”	<p>b. The existing provision allowing flexibility in specifying dates is more suited to dynamic power procurement needs.</p> <p>2. Negative Impact on Demand Management & Procurement</p> <p>a. Power demand varies seasonally and operationally; limiting GNA changes to four dates may disrupt efficient power planning.</p> <p>b. STUs and distribution licensees may struggle to align procurement with actual demand surges.</p> <p>3. Grid Operation Challenges & Congestion Risks</p> <p>a. Restricting GNA applicability to four fixed dates may create congestion and scheduling inefficiencies. The four-date restriction may, lead to unnecessary congestion, delayed approvals, and inefficient transmission capacity utilization. A more continuous or quarterly allocation mechanism would help balance grid load effectively while maintaining flexibility in power procurement.</p> <p>b. Does not accommodate unexpected demand variations, renewable energy additions, or outages.</p> <p>Suggestions</p> <p>1. Retain the existing flexibility or increase the limit to six to eight dates per year.</p> <p>2. Allow quarterly GNA revisions without a strict cap.</p>
--	---	--	--

			3. Introduce an exemption mechanism for unforeseen circumstances.
3.	<p>Substitution of sub-clause (d) of Clause (1)) of Regulation 24.6 of the Principal Regulations (except sub-clauses(i) and (ii))</p> <p>(d) Connectivity granted to a Renewable Power Park developer shall be revoked for the corresponding capacity, if the generating station(s) within the Power park fails to achieve COD on or before,</p> <p>(i) scheduled date of commercial operation of the generation project as per LOA or PPA as extended or delayed commissioning permitted by the Renewable Energy Implementing Agency or the distribution licensee or the authorized agency on behalf of distribution licensee, as the case may be.</p> <p>(ii) six months after the scheduled date of commercial operation for generating station(s) being set up without LOA or PPA.</p>	“(d) Connectivity granted to a Renewable Power Park developer shall be revoked for the corresponding capacity, if the Connectivity and corresponding GNA has been made effective in terms of Clause (a) of Regulation 22.4 of these regulations and generating station(s) within the Power park fails to achieve COD on or before, “	<p>A. Increased Burden on Developers Due to GNA Effectiveness Condition</p> <ol style="list-style-type: none"> 1. The revised clause ties revocation of connectivity to the effectiveness of both Connectivity and GNA (General Network Access) under Clause (a) of Regulation 22.4. 2. This introduces additional regulatory uncertainty, as GNA effectiveness depends on factors beyond the developer’s control, such as system strengthening, approvals, or grid readiness. 3. Developers could face disconnection due to delays in external factors rather than their own inaction. <p>B. Ambiguity Regarding COD Deadline</p> <ol style="list-style-type: none"> 1. The phrase "fails to achieve COD on or before--" is incomplete and does not clarify whether extensions or force majeure exemptions apply. 2. There is no provision for an extension mechanism in case of legitimate project delays (e.g., regulatory approvals, force majeure events like supply chain disruptions). <p>C. Detrimental Impact on Financing and Investment</p> <ol style="list-style-type: none"> 1. Lenders and investors require assurance that projects will retain connectivity rights. The possibility of automatic revocation due to external GNA-related delays increases financial risk. 2. The clause could discourage private sector investment in large-scale Renewable Power Parks,

			<p>as connectivity revocation could make projects unviable despite significant capital deployment.</p> <p>D. Lack of a Transition Mechanism</p> <ol style="list-style-type: none">1. The amendment does not specify whether developers will have a chance to cure deficiencies before revocation.2. A structured approach—such as phased warnings, compliance timelines, or an appeals mechanism—would be fairer than direct revocation
--	--	--	--