CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

Petition No. 5/SM/2026

Coram:
Shri Jishnu Barua, Chairperson
Shri Ramesh Babu V., Member
Shri Harish Dudani, Member
Shri Ravinder Singh Dhillon, Member

Date of Proposal: 15.04.2026

In the matter of:

Procedure for levying compensation charges for permitting additional time to achieve milestones under the Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2022.

PROPOSAL

Background

The Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2022 (hereinafter referred to as "the Principal Regulations") were notified on 7th June, 2022, the first amendment, second amendment, and third amendment to the Principal Regulations were notified on 1st April, 2023, on 19th June 2024 and on 31st August 2025, respectively (hereinafter collectively referred to as "GNA Regulations").

2. As per the provisions of the GNA Regulations, the Connectivity Applicants are required to achieve various milestones, viz (i) submission of land documents for the 50% of the land required for the Connectivity sought, (ii) Achieving Financial Closure, (iii) Achieving CoD of the project. Failure to achieve the milestones by the specified timelines results in revocation of the Connectivity granted to the Commission.

3. A number of entities, who were either served revocation notices or were fearing

that such notice may be served on them for failure to achieve the milestones, have filed the Petitions before the Commission seeking additional time to achieve the milestones. The entities seeking such time are at various stages of implementation of the project, including some that are at an advanced stage.

4. A number of cases have been disposed of by giving additional time on payment of compensation, and a few cases are under adjudication. It is noted that there is an immediate requirement for handling such cases uniformly, which seek some additional time and who have made progress towards project implementation. It is noted that such entities have been holding on to the Connectivity, a scarce resource, and such additional time should be allowed with payment of compensation irrespective of the reasons for such delay, in a graded manner to ensure the earliest compliance with the milestones.

5. Accordingly, a Compensation Procedure defining the eligibility criteria for obtaining the additional time to achieve the respective milestones under the GNA Regulations and calculation of applicable compensation charges is proposed herewith.

6. The extracts of relevant Regulations, which require entity to meet specified milestones are quoted as under:

> "*11.A. Conditions subsequent to be satisfied by the Connectivity Grantee which is REGS (other than Hydro generating station) or ESS (excluding PSP) or Renewable power park developer*
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> *(1) An applicant which is REGS (other than Hydro generating station) or ESS (excluding PSP) covered under sub-clause (c) of Clause (xi) of Regulation 5.8 or Renewable power park developer covered under sub-clause (c) of Clause (vii) Regulation 5.8, shall submit documents for land in terms of sub-clause (b) of Clause (xi) or sub-clause (b) of Clause (vii) of Regulation 5.8 of these regulations, as the case may be, within 18 months of issuance of an in-principle grant of Connectivity or within 12 months of issuance of a final grant of Connectivity, whichever is earlier. The Bank Guarantee submitted under subclause (c) of Clause (vii) or under sub-clause (c) of Clause (xi) of Regulation 5.8 of these regulations shall be returned within 7 days of acceptance of the submitted land documents by the Nodal Agency.*
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> *Provided that, in case final grant of Connectivity has been intimated at an ISTS*

substation where neither the final coordinates nor the tentative coordinates are communicated along with final grant of Connectivity by the Nodal Agency, the applicant shall furnish the required land documents by later date of subclause (a) or (b) specified below:

(a) within 18 months of issuance of an in-principle grant of Connectivity or within 12 months of issuance of a final grant of Connectivity, whichever is earlier, or
(b) within nine months from date of communication of tentative coordinate of the substation at which Connectivity has been granted in terms of clause (b) of Regulation 10.5 of these regulations.

(2) An applicant which is REGS (other than Hydro generating station), ESS (excluding PSP) or Renewable power park developer to which an in-principle grant of connectivity has been issued, shall have to achieve the financial closure for the capacity of such Connectivity, latest by 6 months prior to the scheduled date of a commercial operation or firm start date of Connectivity of such applicant, whichever is later:

Provided that such an applicant shall submit proof of Financial Closure of the project (with a copy of the loan sanction letter or proof of first disbursal of the loan amount) or a copy of board resolution (if internal funding is planned for 100% of the project cost) to CTU within 15 days of achieving the financial closure:

Provided further that in case of REGS (other than Hydro generating station) or ESS (excluding PSP) which has been granted Connectivity under sub-clause (a) of Clause (xi) of Regulation 5.8, the scheduled date of commercial operation for the purpose of this Clause shall be considered as the SCOD, as extended by REIA or a distribution licensee or an authorized agency on behalf of distribution licensee from time to time, subject to the condition that any extension in the timeline to achieve the milestone of Financial Closure due to extension in SCOD shall not be allowed more than 12 months from the original timeline as per initial SCOD:

Provided also that entities which have been granted Connectivity under sub-clause (b) or (c) of Clause (xi) of Regulation 5.8 and are subsequently covered under sub-clause (a) of Clause (xi) of Regulation 5.8 shall be required to achieve financial closure for the capacity of such Connectivity, latest by 6 months prior to the firm start date of Connectivity of such applicant.

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11B Consequences of non-fulfillment of conditions under Regulation 11A

(1) If the Connectivity grantee covered under clause (xi)(c) of Regulation 5.8 or Renewable power park developer covered under clause (vii)(c) of Regulation 5.8 of these regulations, fails to submit the documents in accordance with Clause (1) of Regulation 11A of these regulations, its Connectivity shall be revoked, Bank Guarantee submitted in terms of sub-clause (c) of Clause (vii) or sub-clause (c) of Clause (xi) of Regulation 5.8 of these regulations in lieu of land shall be encashed and Conn-BG1, Conn-BG2 and Conn-BG3 shall be treated in terms of Regulation 24.2 or Regulation 24.3 of these regulations, as applicable.

(2) If the Connectivity grantee fails to achieve the financial closure within the stipulated time or fails to submit the copy of financial closure within the stipulated time as per Clause (2) of Regulation 11A of these regulations, Connectivity shall be revoked, Bank Guarantee submitted under sub-clause (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 Conn-BG3 shall be treated in terms of Regulation 24.2 or Regulation 24.3 of these regulations, as applicable.

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24.6 Revocation of Connectivity

(1)

(a) Connectivity 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 the Connectivity grantee fails to achieve COD either in full or in parts on or before,

(i) the scheduled date of commercial operation of the generation project, for cases covered under clause (xi)(a) of the Regulation 5.8, as intimated at the time of making application for grant of Connectivity or as applicable on signing of PPA or 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, whichever is later.

(ii) six months after, the scheduled date of commercial operation as intimated at the time of making application for grant of Connectivity or firm start date of connectivity, whichever is later, for cases covered under clause (xi)(b) or (xi)(c) of the Regulation 5.8 of these regulations.

(iii) for cases covered under Clause (xi)(a) of the Regulation 5.8 of these regulations but are subsequently covered under clause (xi)(b) or (xi)(c) of Regulation 5.8 under Regulation 11A of these Regulations, scheduled date of commercial operation for the purpose of Clause (ii) of this Regulation shall be the firm start date of Connectivity or the six months from the date of approval by CTU for such conversion from Clause (xi)(a) to Clause (xi)(b) or (xi)(c) of Regulation 5.8 of these Regulations, whichever is later.

(b) In case of Applicants which have been granted Connectivity under clauses (xi)(b) or (xi)(c) of the Regulation 5.8 but are subsequently covered under clause (xi)(a) of the Regulation 5.8, the last date for declaration of COD shall be the SCOD of the project or 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.

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(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 the generating station(s) within the Power park fails to achieve COD on or before the date in terms of sub-clause(a)(i) or sub-clause(a)(ii) of clause (1) of Regulation 24.6 of these regulations, as applicable.

(2) In case of revocation of Connectivity under sub-clauses (a) to (d) of Clause (1) of this Regulation, Conn-BG-1, Conn-BG2 and Conn-BG3 shall be dealt with in terms of regulation 24.2 or regulation 24.3 of these regulations, as applicable.

(3) For cases where neither final coordinates nor tentative coordinates of the ISTS substation at which Connectivity has been granted are communicated along with final grant of Connectivity, the applicant shall be given twelve months from date of communication of tentative coordinate of the substation at which Connectivity has been granted in terms of clause (b) of Regulation 10.5 of these regulations for achieving COD. The date of revocation of Connectivity due to non-achievement of COD shall be as calculated in terms of Clause (1) or Clause (3) of Regulation 24.6 of these regulations, whichever is later."

As per the above provisions, the connectivity grantee is required to provide to the CTUIL the land documents, achievement of Financial Closure, and COD by the

specified timeline.

7. Regulation 41 of the GNA Regulations provides as under:

> *"41. Power to Relax*
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> *The Central Commission, for reasons to be recorded in writing, may relax any of the provisions of these regulations on its own motion or on an application made before it by an affected party to remove the hardship arising out of the operation of these regulations."*

As per the above, this Commission, under Regulation 41 of the GNA Regulations, is vested with the power to relax and is empowered to remove hardship arising from the operation of the said regulations.

Regulation 41 of the GNA Regulations provides as under:

> *"42. Power to Remove Difficulty*
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> *If any difficulty arises in giving effect to the provisions of these regulations, the Central Commission may, on its own motion or on an application made before it by affected party by order, make such provision not inconsistent with the provisions of the Act or provisions of other regulations specified by the Central Commission, as may appear to be necessary for removing the difficulty in giving effect to the objectives of these regulations."*

As per the above, this Commission, under Regulation 42 of the GNA Regulations, is vested with the power to remove difficulties under certain circumstances.

8. It is noted that the Regulations quoted above provide for revocation of Connectivity in case the milestone is not achieved within the stipulated timeline. Since under the proposed procedure, additional timeline are proposed to be given to achieve the milestone with payment of compensation, the same shall be carried out under the Power to Relax and Power to remove difficulty as quoted above.

9. A Staff Paper on "Proposal for allocation of Connectivity granted (on LoA route) where the signing of the PPA/PSA is getting delayed, was published on the

Commission's website on 25.11.2025 for stakeholders' comments. The Staff Paper proposed compensation charges as Milestone Extension Charges (MEC), towards the extension of the timeline for achieving the various milestones under the GNA Regulations, namely MEC @ Rs. 1500/MW/per day in lieu of an additional timeline for submission of land document or to achieve the Financial Closure, and an MEC @ Rs. 5000/MW/per day in lieu of an additional timeline to achieve the CoD of the project. Stakeholders have submitted their comments on the issue of MEC, which have been considered while formulating this procedure. Some of the Stakeholders have suggested removing such charges, and many of the stakeholders have suggested reducing these charges incrementally in a graded manner. Staff Paper also proposed limiting the additional time to 3 months for submission of land documents and achieving the Financial Closure, and a maximum of 6 months for achieving the COD. No comments have been received on the proposed maximum additional timeline.

10. The compensation charges have been proposed based on the following rationale:

(1) **Compensation charges towards allowing additional time for submission of Land Documents**

a) As per the Regulations quoted above, failure to submit land documents within the stipulated time leads to revocation of Connectivity and encashment of the BG submitted in lieu of Land (LAND BG). Hence, the compensation charges for allowing the additional timeline for submission of the land documents may be linked to the total amount of land BG.

b) 5% of the total land BG may be considered as compensation charges for seeking an additional time of one month. Pro rata for part of the month shall be payable.

c) Illustration:

Suppose an entity is granted connectivity for the 100 MW for Solar project on the land BG route with land BG of Rs. 10 crore.

Considering the land requirement of 3 acres/MW, 50% of the land for 100 MW would be 150 acres.

MEC Rs. MW/day shall be:

MEC for MW/day = (5% of Rs. 10 Cr) / (100 x 30) = Rs. 1668/- = ~ Rs 1500 per day.

(2) Compensation charges towards allowing additional time for achieving Financial Closure (FC)

a) As per the Regulations quoted above, failure to achieve FC or to submit the FC within the stipulated timeline leads to revocation of connectivity and encashment of Conn-BGs. Hence, the compensation charges for allowing the additional timeline to achieve the milestone of FC should be linked to the total amount of Conn-BGs.

b) An amount of 50% [sum of Conn-BG1 + Conn-BG2 + Conn-BG3, as the case may be] may be considered for calculating the compensation charge for allowing the additional time of six months for achieving or submitting the Financial Closure. Prorata for part of the month shall be payable.

c) Illustration:

Suppose an entity is granted connectivity for the 100 MW Solar project. Such an entity submitted Conn-BG1 for Rs. 0.5 crore, Conn-BG2 for Rs. 3 crore and Conn-BG3 for Rs. 2 crore. Thus, the total Conn-BGs is Rs. 5.5 crore.

MEC Rs. MW/day shall be:

MEC for MW/day = (50% of Rs. 5.5 crore) / (100 x 180) = Rs. 1528/- = ~Rs 1500/MW/day

(3) Compensation charges towards allowing additional time for achieving CoD of the project

a) As per the Regulations quoted above, failure to achieve the CoD of the project within the stipulated timeline leads to revocation of Connectivity and encashment of Conn-BGs. Hence, it is proposed that the compensation charges for allowing an additional timeline to achieve the project's CoD shall be linked with the total amount of Conn-BGs.

b) It is proposed that an amount of 50% [sum of Conn-BG1 + Conn-BG2 + Conn-BG3, as the case may be] (total Conn-BGs) shall be considered for the additional time of three months for achieving the CoD of the project. Prorata for part quantum and part of the month shall be payable.

c) Illustration

Suppose an entity is granted connectivity for 100 MW for a Solar project. Such an entity submitted Conn-BG1 for Rs. 0.5 crore, Conn-BG2 for Rs. 3 crore and Conn-BG3 for Rs. 2 crore. Thus, the total Conn-BGs is Rs. 5.5 crore.

MEC Rs. MW/day shall be:

MEC for MW/day = (50% of Rs. 5.5Cr) / (100 x 90) = Rs. 3055/- = ~Rs 3000/MW/day

11. The proposed Procedure is attached as Annexure-I to this Order.

12. In respect of revocation of connectivity in terms of Regulation 24.6 of the GNA Regulations, some of the stakeholders vide their letters have submitted that the trial runs and pre-commissioning tests cannot proceed until the substation is energised. In a few cases, where SCOD plus 6 months is already over and GNA is not effective due to delay of ISTS substation, and in a case, GNA is made effective same day as substation achieves COD, not even a single day is provided to the generator for the above activities, since revocation trigger date is the GNA effective date in such cases. It has been further submitted that the generating station may be permitted to commission its project within a period of six months, (or as specified by the Commission), from such date of readiness, subject to the levy of applicable penalties for delay, as may be specified by the Commission.

13. We note that the developers need a certain time for completing the trial runs and pre-commissioning tests, integration activities, which are a prerequisite for declaring the CoD of the Project. The above activities can be performed only after charging the bay and the corresponding substation. We are of the view that a period of two months post-GNA effective date shall be an appropriate time to complete the trial operation and pre-commissioning tests for declaration of CoD of the project. Accordingly, such entity shall be given at least 2 months to achieve the COD from the GNA effective date

under the milestone extension without any milestone extension charges, post which MEC shall apply.

14. Accordingly, the comments are invited from the stakeholders on the said proposed Procedure. The comments/ suggestions/ objections may be sent to the Secretary, Central Electricity Regulatory Commission, 6th, 7th & 8th Floors, Tower B, World Trade Centre, Nauroji Nagar, New Delhi- 110029 or by email to (secy@cercind.gov.in and shilpa@cercind.gov.in) on or before 30.04.2026. The Commission would issue an Order after duly considering the comments/ suggestions/ objections received on the proposal.

15. A Public hearing shall be conducted in this matter, for which a separate notice will be issued.

Sd/	**Sd/**	**Sd/**	**Sd/**
(Ravinder Singh Dhillon)	**(Harish Dudani)**	**(Ramesh Babu V.)**	**(Jishnu Barua)**
Member	**Member**	**Member**	**Chairperson**

Procedure for levying the compensation charges for permitting the additional time to achieve the milestones

A. Eligibility to avail relaxation in various timelines

1. An entity, which has been issued an in-principle or final grant of Connectivity, shall be considered for relaxation in timelines to achieve the milestones under the GNA Regulations on satisfying the following criteria:

i. Eligibility for consideration of additional time to meet the compliance of Regulation 11A(1), to submit the land documents:

   a. Entity shall furnish the land documents for at least 20% of the land required for the capacity for which in-principle or final grant of connectivity has been intimated.

ii. Eligibility for consideration of additional time to meet the compliance of Regulation 11A(2), to achieve and furnish the Financial Closure (FC):

   a) Entity under the Land BG route shall furnish the land documents for at least 50% of the land required for the capacity for which in-principle or final grant of Connectivity has been intimated.

   b) Entity under the LOA/PPA route shall furnish the land documents for at least 25% of the land required for the capacity for which in-principle or final grant of Connectivity has been intimated.

iii. Eligibility for consideration of additional time to meet the compliance of Regulation 24.6, to achieve the CoD of the project:

   a) Entity under Land BG or Land route shall furnish land documents for 100% of the land required for the project

   b) Entity under the LOA/PPA route shall furnish the land documents for 50% of the land required for the capacity for which in-principle or final grant of Connectivity has been intimated.

   c) Entity has furnished Financial Closure document.

   d) Entity shall furnish details of the EPC contract award.

B. Milestone Extension Charges (MEC) towards allowing relaxation in the various timelines

(1) MEC @ Rs. 1500/- per MW per day for the additional time for submission of Financial Closure or achieving the Financial Closure of the project

(2) MEC @ Rs. 3000/- per MW per day for the additional time for achieving the CoD of the Project.

(1) Milestone Extension Charges towards allowing additional time for the submission of the land document

a) MEC @ Rs. 1500/- per MW per day for additional time for submission of land documents for the first month.

b) Increase of MEC specified for the first month by 10%, for the second month and 20% for the third month, i.e., MEC for the second month shall be @ Rs 1650 per MW per day and for the third month shall be @ Rs 1800 per MW per day.

c) Maximum allowable additional time to furnish the land documents corresponding to 50% of the Connectivity quantum shall be 3 months. If an entity fails to comply with the land requirement within these 3 months, Connectivity shall be revoked, Land BGs shall be encashed, and the Conn-BGs shall be treated in terms of Regulation 24.2 or Regulation 24.3, as applicable, of the GNA Regulations (as provided under Regulation 11B(1) of the GNA Regulations).

d) The MEC shall be paid on a per day-basis, and the same shall be paid 15 days in advance, failing which Connectivity shall be revoked and treatment of BGs shall be as per sub-clause (c) above. Further, if the entity furnishes the required land document within these extended 15 days, the MEC equivalent to the remaining days shall be returned, without any interest, by the CTU to the concerned entity.

(2) Monthly Extension Charges (MEC) towards allowing additional time for achieving Financial Closure

a) MEC for allowing additional timeline to achieve the FC shall be levied @ Rs 1500/MW/day. This rate shall be applicable for the first 3 months of additional time.

b) Increase of MEC specified for the first three months (base rate) by 10% for the fourth month, 20% for the fifth month, 30% for the sixth month, i.e.

- Per day compensation for the fourth month = 1.10 x 1500/MW/day
- Per day compensation for the fifth month = 1.20 x 1500/MW/day
- Per day compensation for the sixth month = 1.30 x 1500/MW/day

c) If an entity fails to comply with the FC requirement within these 6 months, connectivity shall be revoked, land BGs shall be encashed, and the Conn-BGs shall be treated in terms of Regulation 24.2 or Regulation 24.3, as applicable, of the GNA Regulations (as provided under Regulation 11B(2) of the GNA Regulations).

d) The MEC shall be paid on a per-day basis, and the same shall be paid 15 days in advance, failing which connectivity shall be revoked and treatment of BGs shall be as per Clause (2)(c) above. Further, if the entity achieves the financial closure within these extended 15 days, the MEC equivalent to the remaining days shall be returned, without any interest, by CTUIL to the concerned entity.

b) Maximum allowable additional time shall be 6 months beyond the original timeline to achieve the Financial Closure (FC).

(3) Milestone Extension Charges (MEC) towards allowing additional time for achieving the CoD of the project

a) MEC for allowing the additional timeline to achieve the CoD of the project shall be levied @ Rs 3000/MW/day (base rate).

b) The base rate shall be levied for the additional time of six months. The compensation shall be payable for the capacity that has not achieved COD in MW multiplied by the number of days.

c) For additional time beyond six months up to nine months, the base rate shall be escalated by 10% each month. i.e., MEC for the 7th month shall be @ Rs 3300 /MW/day, for the 8th month shall be Rs 3600/MW/day, and for the 9th month shall be @ Rs 3900/MW/day.

d) For additional time beyond Nine months up to Twelve months, charges towards compensation shall be payable on a per-day basis @ 200% of the base rate. i.e., Rs 6000 per MW per day.

e) If an entity fails to achieve the CoD for a full or part quantum of the project, connectivity for the proportionate quantum of connectivity shall be revoked, and BGs shall be treated in terms of Regulation 24.6 of the GNA Regulations.

f) The MEC shall be paid on a per-day basis, and the same shall be paid 15 days in advance, failing which connectivity shall be revoked, and treatment of BGs shall be as per sub-clause (e) above. Further, if the entity achieves the CoD of the project within these extended 15 days, the MEC equivalent to the remaining days shall be returned, without any interest, by CTUIL to the concerned entity.

g) Maximum allowable additional time shall be 12 months from the stipulated timeline.

(4) If the entity seeks the additional time for more than one milestone, compensation charges required to be paid separately for each such milestone.

(5) For such cases, where the revocation date is triggered under Regulation 24.6 within a period of two months from the GNA effective date, MEC charges for the first two months post the GNA effective date for achieving the CoD shall not be applicable. The total extended time shall be limited to 12 months.

(6) The entity seeking additional time under this Procedure shall approach the Nodal Agency at least 15 days in advance of the last date of achieving the limestone as per the GNA Regulations, along with documents satisfying the eligibility criteria mentioned under this procedure. The Nodal Agency may allow additional time under this Procedure, for meeting the milestones on payment of MEC.

(7) The entity which does not meet the eligibility criteria mentioned under this procedure, no additional time shall be allowed to such entity to meet the milestones and the connectivity shall be treated in accordance with the GNA Regulations.

(8) It is also clarified that, irrespective of the additional time allowed under the above clause, there shall not be any change in the firm start date of connectivity, and

the corresponding entity shall be liable for payment of applicable mismatch charges in terms of the Sharing Regulations, 2020.

(9) The amount received from the submission of compensation charges shall be credited in the Deviation and Ancillary Services Pool Account by the Nodal Agency.

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