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Central Electricity Regulatory Commission allows submission of land documents in the name of the subsidiary company, where parent company is the connectivity grantee

The Central Electricity Regulatory Commission (“CERC”) in the matters of *M/s. Oyster Renewable Energy Private Limited and Anr. vs. Central Transmission Utility of India Limited*¹ and *Avaada Energy Private Limited and Anr. vs. Central Transmission Utility of India Limited*², directed the Central Transmission Utility of India Limited (“CTUIL”) to accept land documents in the name of the subsidiary company which was implementing the project, for connectivity granted to the parent company, in order to meet the conditions subsequent under Regulation 11A(1)³ of the Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2022 (“GNA Regulations”).

Brief facts

M/s Oyster Renewable Energy Private Limited (“OREPL”) and Oyster Green Hybrid One Private Limited (“OGHOPL”) (wholly owned subsidiary of OREPL), and Avaada Energy Private Limited (“AEPL”) and Avaada MPSustainable2 Private Limited (“AMSPL”) (wholly owned subsidiary of AEPL) filed respective petitions under Section 79(1)(c) of the Electricity Act, 2003, read with Regulations 41 and 42 of the GNA Regulations seeking invocation of CERC’s ‘Power to Relax’ and ‘Power to Remove Difficulty’.

Petition No. 453/MP/2025

1. OREPL (formerly AB Energia Renewables Private Limited) submitted applications to CTUIL for grant of connectivity under the land bank guarantee route (i.e., Regulation 5.8(xi)(c) of the GNA Regulations) for its proposed 181 (one hundred and eighty-one) Mega Watt (“MW”) renewable energy generation project. The project was to be implemented by OGHOPL, formed as a project-specific special purpose vehicle, by utilising the connectivity.

¹ Petition No. 453/MP/2025 along with 39/IA/2025 (order dated June 27, 2025)

² Petition No. 455/MP/2025 along with 41/IA/2025 (order dated June 27, 2025)

³ As per Regulation 11A(1) of the GNA Regulations, an applicant, which is a renewable energy generating station (other than hydro generating station), covered under Regulation 5.8(xi)(c) of the GNA Regulations, is required to submit documents for land in terms of Regulation 5.8(xi)(b) of the GNA Regulations, within 18 (eighteen) months of issuance of an in-principle grant of connectivity or within 12 (twelve) months of issuance of a final grant of connectivity, whichever is earlier. The bank guarantee submitted under Regulation 5.8(xi)(c) of the GNA Regulations will be returned within 7 (seven) days of submission of stipulated documents as proof of ownership or lease rights or land use rights.

2. Relying on the existing Regulation 15.1 of the GNA Regulations (*enabling transfer/utilisation of connectivity granted to the parent company by its subsidiary and vice-versa without any impediment*), the draft third amendment to the GNA Regulations, and highlighting relaxations in this regard previously granted by CERC, OREPL justified submitting land documents in favor of OGHOP, in line with the requirements under Regulation 5.8(xi) and requested release of connectivity bank guarantees in terms of Regulation 11A of the GNA Regulations.
3. OREPL's position was not accepted by CTUIL, for reasons that the third amendment is still at draft stage and that the relaxations granted are on a case-to-case basis. CTUIL submitted that there is no regulatory prescription which permits land documents submitted in the name of the subsidiary to be valid for utilisation of connectivity granted to the parent company, and to state that generic directions regarding acceptance of documents in other matters have not been complied with by CTUIL, is devoid of merit.
4. OREPL submitted that significant measures towards implementing the project have been undertaken and a substantial amount has been invested towards establishing the project.
5. Apart from the aspect of ownership, no other deficiencies in the land documents were pointed out by CTUIL. CTUIL did not establish that accepting the documents would result in any loss.

Petition No. 455/MP/2025

1. AEPL participated in the tender process in terms of the 'Request for Selection' document dated February 20, 2024, issued by Solar Energy Corporation of India Limited ("**SECI**") for setting up of 1200 (one thousand two hundred) MW inter-state transmission system connected wind-solar hybrid power projects in India under tariff-based competitive bidding. After being declared as successful bidder, AEPL was granted the letter of award for the implementation of a 240 (two hundred and forty) MW wind-solar hybrid project. It opted for the same route as OREPL to apply for connectivity.
2. AEPL incorporated AMSPL for execution of the project and utilising the connectivity granted. AMSPL was in the process of executing the power purchase agreement with SECI. AMSPL had taken substantial steps towards implementation of the project.
3. Upon scrutiny of documents submitted by AEPL, CTUIL observed that the title report and land documents were not in the name of the connectivity grantee and requested replacement. CTUIL also informed that failure to submit documents would render action under Regulation 11B of the GNA Regulations.
4. Similar submissions were made by AEPL/AMSP, as made by petitioners in Petition No. 453/MP/2025, thereby urging permission to submit required land documents in the name of the subsidiary, directing consequential action of returning bank guarantee within 7 (seven) days to AEPL and additionally, also allowing submission of financial closure documents in the name of its subsidiary (as and when required).

Issue

The issue in both the petitions was with regard to submission of land documents in the name of the special purpose vehicle/ subsidiary for compliance with Regulation 11A(1) of the GNA Regulations, where the parent company is the connectivity grantee.

Findings and analysis

1. CERC, *vide* record of proceeding of hearing dated May 13, 2025 in the subject petitions, had directed CTUIL to process the land documents in the name of subsidiary company where connectivity has been granted to the parent company or *vice versa*, for compliance of Regulation 11A(1) of the GNA Regulations, for all such cases, till the issuance of the third amendment to the GNA Regulations. This was subject to necessary verification under the (Indian) Company's Act.

2. Petitioners have submitted that the primary issue will stand resolved if the land documents in the name of the subsidiary are accepted by CTUIL towards connectivity granted to the parent company. Petitioners have also prayed for a direction to CTUIL to return the connectivity bank guarantees upon processing the land documents.
3. In light of the discussions, the connectivity grantees in each petition are allowed to submit land documents in the name of the subsidiaries, which is implementing the project, to meet the requirement of Regulation 11A(1) of the GNA Regulations, subject to necessary verification of whether the entity with land documents is a subsidiary company under the (Indian) Company's Act.
4. Regarding the return of bank guarantees, only the bank guarantee submitted under Regulations 5.8(vii)(c) or 5.8(xi)(c) of the GNA Regulations is required to be returned within 7 (seven) days of submission of the stipulated documents. The connectivity bank guarantees are returned in terms of Regulation 16 of the GNA Regulations after the generating station achieves commercial operation date. Accordingly, the contention to return connectivity bank guarantees, other than the bank guarantee submitted under Regulation 5.8(xi)(c) of the GNA Regulations, on submission of land documents, is rejected.
5. The issue regarding submission of financial closure documents has been dealt with in CERC's order dated January 16, 2025⁴ and record of proceeding of hearing dated January 29, 2025⁵, as per which the CERC has already directly CTUIL for processing financial closure documents in the name of the subsidiary company where the connectivity grantee is the parent company. Accordingly, prayer by AEPL and AMSPL relating to documents for fulfilment of conditions subsequent under Regulations 11A(2) has already been addressed.
6. CTUIL is directed to ensure that documents of financial closure and land are in the name of the company that is implementing the project. A case where the parent company is a connectivity grantee, but the project is being implemented by the parent company itself, and the financial closure documents are being furnished in the name of some of its subsidiaries, cannot be allowed.

Conclusion

The process of submission of land and financial closure documents under the GNA Regulations is a critical compliance requirement which ensures that only committed applicants are granted connectivity access. The structure wherein a subsidiary or special purpose vehicle implements the project for which connectivity has been granted to the parent company is a widely adopted and well-established practice in the industry. CERC's decision to allow the submission of land documents in the name of the subsidiary will streamline the procedural aspects of utilising the granted connectivity, thereby making the process more convenient and efficient. This approach acknowledges the practical realities of project structuring.

⁴ Petition No. 503/MP/2024

⁵ Petition No. 147/MP/2025

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