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Securities and Exchange Board of India clarifies the classification of renewable energy projects as 'Public Private Partnership Projects' for Infrastructure Investment Trusts

The Securities and Exchange Board of India ("**SEBI**") had issued an interpretive letter under the SEBI (Informal Guidance) Scheme, 2003 dated February 20, 2026 (made public on May 22, 2026) to Sustainable Energy Infra Investment Managers Private Limited ("**Applicant**"), the Investment Manager of the Sustainable Energy Infra Trust ("**SEIT**"), a SEBI-registered Infrastructure Investment Trust ("**InvIT**") focused on renewable energy assets.

The guidance has been issued pursuant to a request for interpretive guidance regarding the classification of renewable energy generation projects under Regulation 2(1)(zm) of the SEBI (InviTs) Regulations, 2014 (the "**InvIT Regulations**"). The Applicant sought confirmation on whether renewable energy projects (such as solar and wind generation facilities) awarded by public sector or governmental entities to a Special Purpose Vehicle ("**SPV**") of an InvIT qualify as Public Private Partnership ("**PPP**") projects.

Salient features

Definition under reference

Regulation 2(1)(zm) defines a 'PPP project' to mean as an infrastructure project undertaken on a PPP basis between a public concessioning authority and a private SPV concessionaire selected on the basis of open competitive bidding or on the basis of an Memorandum of Understanding ("**MoU**") with the relevant authorities.

SEBI's clarification

SEBI has clarified that renewable energy generation and supply projects awarded by public sector entity or Government entity to a SPV of an InvIT, will qualify as PPP projects under the aforesaid definition where the award is made through:

1. tariff-based competitive bidding (TBCB); or
2. the MoU route.

Impact

1. The clarification expressly brings standard Government-procured renewable energy assets (backed by long-term power purchase agreements with public distribution companies or central counterparties) within the PPP framework.

2. This classification is material for InvIT structures, as PPP projects benefit from specific facilitative provisions under the InvIT Regulations relating to investment eligibility, asset concentration norms, pre-commercial operation date investment thresholds, and related party transaction treatment.
3. Renewable energy is already recognised as an 'infrastructure' sector; the guidance removes prior interpretive uncertainty around the procurement route for PPP qualification.

Conclusion

This proactive informal guidance, while qualified to state that the interpretation is subject to specific facts and may differ on a case to case basis, effectively resolves prior interpretive uncertainties concerning asset classification for renewable energy assets in InvIT structures. It is poised to meaningfully broaden the scope for institutional capital deployment and accelerate the monetisation of renewable energy assets through the InvIT framework.

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