CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

Draft Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) (Fifth Amendment) Regulations, 2026.

No. L-1/250/2019/CERC **Dated: 31.07.2026**

Explanatory Memorandum

1. Background

1.1. Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 were notified on 4.5.2020 and effective from 1.11.2020. So far, four amendments have been issued (the amended Regulations are hereinafter collectively referred to as the "Principal Regulations"). The current amendment is proposed in light of feedback received from stakeholders post issuance of the fourth amendment and the MoP OM dated 16.4.2026 extending the waiver for ISTS charges.

1.2. The draft Fifth Amendment mainly covers the following:

a) Tenure of waiver of inter-state transmission charges for ESS which is an integral part of REGS or RHGS.
b) Waiver of transmission charges for co-located BESS during different cycles of charging, co-located or through ISTS.
c) Treatment of charging power by ESS through collective transactions in the Green Day Ahead Market in Power Exchanges
d) Treatment of charging power for ESS at the contract level in case of shortfall of condition of 51% at ESS level.
e) Waiver provisions for the specified generating stations where the transmission system got delayed.
f) Calculation of Transmission Deviation for a State if an intra-State entity obtains GNA_{RE} or T-GNA_{RE}
g) Dual connectivity treatment in TDR and corresponding matter of direct drawal through STU feeders

2. Amendment to Regulation 13(2)(a): Tenure of waiver of inter-State transmission charges for ESS which is an integral part of REGS or RHGS.

2.1 Regulation 13(2)(a) of the Principal Regulations provides as under.

"(2) Waiver of transmission charges for the use of ISTS shall be applicable for scheduling power under GNA, $GNA_{RE,}$ T-GNA and T-GNA_{RE} from (i) REGS or RHGS based on wind or solar sources or (ii) ESS charged with energy sourced from REGS or RHGS or (iii) generation based on hydro power sources or (iv) REGS based on Offshore wind, subject to the following conditions:

(a)REGS or RHGS based on wind or solar source or a combination of wind and solar source shall be eligible for the grant of waiver as per Table 1 below:

Table 1: REGS or RHGS

Category	***Period of COD***	***Number of years from COD***	***% of drawal Schedule from identified generating station, to be considered under Annexure-III***
REGS based on wind or solar source or RHGS based on wind and solar source	*On or before 30.6.2025*	*25 years*	*100*
	1.7.2025 to 30.6.2026	*25 years*	*75*
	1.7.2026 to 30.6.2027	*25 years*	*50*
	1.7.2027 to 30.6.2028	*25 years*	*25*
	After 30.6.2028		*0*

"

As per above, the power scheduled from REGS or RHGS based on wind or solar source or a combination of wind and solar source is eligible for a waiver of transmission charges for 25 years from the date of COD.

2.2 REGS is defined under the GNA Regulations as under:

"(ag) "Renewable Energy Generating Station" or "REGS" means a generating station based on a renewable source of energy with or without Energy Storage System and shall include Renewable Hybrid Generating Station;"

2.3 MNRE vide its OM dated 31.03.2026 to CERC, vide which the agenda for the meeting to be held on 02.04.2026 was attached, suggested as under:

"Agenda Item A2: ISTS waiver- for co-located BESS in Solar+BESS/FDRE/RTC Projects along with Extension from 12 to 25 Years

…

*"**Issue Detail***

- *BESS co-located with RE generators and commissioned by June 2028 is eligible for 100% ISTS charge waiver — but only for the first 12 years of operation, not for the full PPA tenure.*
- *FDRE and RTC PPAs require the storage component to supply peak power for the entire 25-year PPA period. BESS suppliers now offer design lives of 15–25 years*

(depending on cycling regime — C/2, C/4, or C/6). The 12-year waiver creates a financial cliff at year 13, retroactively altering the economics of already-bid projects.

- *DISCOMs have raised concerns about whether power from BESS will attract ISTS transmission charges after year 12 — creating tariff uncertainty in already-executed PSAs.*
- *Clarity needed on availability of ISTS waiver for co-located BESS component in Solar+ BESS/FDRE/RTC projects.*

Solutions/ Requests from CERC

1) Clarification may be issued to clearly mention that the co-located BESS component in solar+ BESS/FDRE/RTC projects qualify for the ISTS waiver as per the pathways given in the sharing regulations.

2)Amend Sharing Regulations to extend the ISTS waiver period for the storage (BESS) component of FDRE/RE+Storage projects from 12 years to 25 years — aligned with the PPA tenure."

As per the above, MNRE sought clarity with respect to waiver of transmission charges for the co-located BESS component in solar+ BESS/FDRE/RTC projects.

2.4 IESA vide letter dated 02.09.2025 submitted as under.

"Under the current policy framework, solar and wind power projects are granted a 25-year ISTS charges waiver, providing long term certainty and enhancing project bankability. However, Battery ESS despite playing an equally critical role in enhancing renewable integration are currently subject to shorter waiver durations. To ensure level playing field and attract long term investments, we respectfully request that the 100% ISTS waiver for eligible BESS projects to be ***extended to 25 years for RE-integrated systems****. Aligning the waiver tenure with that of solar and wind projects will help improve the financial viability of storage assets, support competitive tariff discovery, and reinforce investor confidence in India's growing storage market."*

2.5 We have considered the suggestions of stakeholders. We note that REGS with storage is scheduled as a single entity; hence, the tenure of such an entity should be based on the REGS. Hence, it is clarified that for such a REGS where Connectivity for REGS or RHGS has been obtained, specifying the category of project as (REGS with storage), i.e., REGS and storage is a single entity, the tenure of waiver shall be 25 years from the date of COD of REGS, even when injection of power is carried out by storage. It may be a case that storage achieves COD after COD of REGS, in which case also, 25 years shall not start from the COD of the storage component, since the entire clarification is for REGS. The storage is entitled to a waiver for 12 years. It is also noted that since the life of the battery ESS may be close to 12 years, as a component under REGS with storage, it is understood that necessary modifications/replacement/upgradation shall be carried out in BESS as per the terms of the respective PPAs to make its life commensurate with the life of REGS.

3. Amendment to Regulation 13(2)(b): Waiver of transmission charges for co-located BESS during different cycles of charging, co-located or through ISTS.

3.1 Regulation 13(2)(b)(ii) of the Principal Regulations provides as under.

"(b) ESS shall be eligible for the grant of waiver as below and shall be subject to conditions as per sub-clause (c) of this Clause:

(ii) Battery ESS shall be eligible for grant of waiver as per Table 2 below:

Table 2: Battery ESS

S. No.	***Category***	***Period COD***	***Number of years from COD***	***% of drawal Schedule for drawee DIC when seller is ESS, to be considered under Annexure III***
1.	*Battery ESS connected at a substation where REGS is connected and is charged from such REGS*	*On or before 30.6.2028*	*12 years*	*100*
2.	*Battery ESS connected at a substation where no REGS is connected or Battery ESS connected at a substation where REGS is connected but Battery ESS is charged from Grid or source other than REGS or any other battery ESS not covered under S.No.1 of this Table.*	*On or before 30.6.2025*	*12 years*	*100*
		1.7.2025 to 30.6.2026	*12 years*	*75*
		1.7.2026 to 30.6.2027	*12 years*	*50*
		1.7.2027 to 30.6.2028	*12 years*	*25*
		After 30.6.2028	*NA*	*0*

Provided that Battery ESS, which is covered under S. No. 1 of Table 2, is required to be charged from such REGS which is connected at the same substation, may charge its Battery ESS from the Grid under contingency, subject to GNA Regulations and Grid Code and subject to the condition that energy drawal from grid under such contingency (ies) in a year, shall not exceed 10% of total energy requirement in a year for charging the Battery ESS:

Provided also that for the purpose of these regulations, REGS collocated with Battery ESS and installed only for the purpose of charging such ESS with no additional connectivity quantum at the ISTS substation shall also qualify such Battery ESS under S.No.1 of Table 2."

As per the above, a BESS which is covered under Sl. No. 1 of the above table, to be eligible for 100% waiver, is required to be charged from the REGS connected at the same substation where such BESS is connected. However, in case of a contingency situation, such BESS may also charge its battery from the Grid subject to a ceiling of 10%.

3.2 Tata Power vide its letter dated 08.08.2025 submitted as under.

"4. Need clarity on the applicability of ISTS charges waiver on co-located BESS projects during 2nd charging cycle (during evening)- *Under the Sharing Regulations, in case of co-located BESS (which must be commissioned before 30th June 2028), ISTS charges waiver is applicable if the BESS is charged 100% from the REGS connected at the same substation. For cases where the REGS is a solar based project, the charging of BESS would be restricted during the daytime, restricting the BESS to operate for only 1 cycle. For the 2nd cycle, since solar is not available, BESS will have to charge from a different RE source other than the co-located solar project. in such a scenario, will the BESS be eligible for ISTS waiver, if that other RE source is eligible for ISTS waiver under the 30th June 2025/graded waiver trajectory till 2028. This is relevant in a scenario where existing solar developers are being asked to install BESS for extending their connectivity beyond solar hours."*

3.3 India Energy Storage Alliance (IESA) vide its letter dated 02.09.2025 also submitted as under.

"The limitation on annual energy drawal from the grid for charging Battery ESS under contingency conditions capped at 10% of total annual charging energy. However, the regulation does not clarify whether this limit is applicable for projects operating on a single charge-discharge cycle per day or those designed for double charge-discharge cycles per day. Please clarify this provision in the amendment document. For single-cycle-per-day projects, the 10% limit appears reasonable. However, for projects operating at double cycles per day, this limit may not be optimal and could restrict operational flexibility."

3.4 We have taken note of submissions of Tata Power, IESA vide the above said letters. The proposal is understood as under:

A BESS is connected at a substation where an REGS based on a solar source is also connected and the BESS is charged from such REGS based on solar source, the cycle of charging during solar hours and discharge in evening hours (with a maximum of 10% charging through a source other than the co-located source) would enable it to be covered under the S. No. 1 of Table 2. If such BESS is charged during the non-solar hours through ISTS (through wind) when the co-located solar generation is not available, such BESS wishes to be covered under Sl. No. 2 of Table 2 and be eligible for the graded waiver for the said cycle.

3.5 We note that ESS may undergo a number of cycles of charging, and it may lead to complications of accounting as to which charging was from sources co-located vs non-co-located. Considering the proposal of stakeholders, a facilitative provision to enable multiple cycles with clear provisions for applicability of waiver has been proposed. It is also noted that Grid India would need to carry out the accounting of different cycles where in one cycle BESS may be charged through a co-located source and in another cycle it shall be charged from non-co-located source; hence, views of Grid India on feasibility of such accounting is solicited and

a procedure needs to be framed by NLDC covering implementation modalities for such accounting after stakeholders' consultations.

Accordingly, a new proviso is proposed to be added after the second proviso of Regulation 13(2)(b)(ii).

4. Amendment to Regulation 13(2)(c): Treatment of charging power by ESS through collective transactions in the Green Day Ahead Market in Power Exchanges

4.1 Tata Power vide its letter dated 08th August 2025 submitted as under.

> *"**1. Drawal of Charging Power from Green- Day Ahead Market (G-DAM) for ESS for ISTS charges waiver** The Sharing Regulations provide the condition for an ESS to be eligible for ISTS charges waiver, which is to draw a minimum 51% from RE sources-solar and wind. However, the regulations do not indicate clearly, whether the RE power available in the G-DAM market would qualify as the RE source for meeting the above 51% requirement, thereby creating uncertainty in this regard.*
>
> *..*
>
> *This issue becomes particularly glaring in the case of PSP, where a huge quantum of RE is required for meeting the 51% criteria for PSP. You are aware that the PSPs under development are mostly of capacities greater than 1000 MW. Developers of PSPs may not be able to develop commensurate RE capacities in the same timelines. Another point to be noted is that such RE charging capacities would be of GWs scale. Many developers would prefer relying on the G-DAM market to meet the 51% condition.*
>
> *Therefore, we request the Hon'ble CERC to provide the necessary clarity and include G-DAM as a valid source for meeting the 51% condition of ISTS charges waiver for ESS..."*

As per the above, Tata Power has requested that the sourcing of power from G-DAM be considered to meet the minimum 51% energy requirement for pumping of water or charging of battery.

4.2 We have taken the opinion of Grid-India on the issue raised by Tata Power. Grid-India vide its e-mail dated 23.10.2025 submitted as under:

> *"The sellers participating in GDAM include RE generator from various renewable energy sources such as solar, wind, hydro, biofuels, waste-to-energy plants, and through portfolio sell by DISCOMs. While GDAM being a collective market product, the schedule drawl from the eligible RE sources by a particular drawee entity in a time block cannot be identified. However, for RCO compliance, Power Exchanges provide RE source wise (wind/solar/other RE etc.) energy breakup to the buyers in GDAM transaction. On similar line, if the ESS can obtain a certificate preferably on monthly basis (for ease of accounting, periodicity can be done monthly basis) for the energy scheduled from solar, wind or hybrid generating stations, drawal of charging power from Green- Day Ahead Market (G-DAM) for ESS for ISTS charges waiver can be facilitated."*

As per above, Grid-India has suggested that if the ESS can obtain a certificate from the Power Exchange specifying energy scheduled from a specific source,

drawal of charging power from Green- Day Ahead Market (G-DAM) for ESS for waiver can be facilitated.

4.3 We note that G-DAM was introduced vide Order dated 17th October, 2021 in Petition No. 146/MP/2021 whereby the principle of breakup of transaction under G-DAM for the purpose of RPO/HOP compliance was also suggested as under:

> *"**RPO/HPO fulfillment through GDAC***
>
> *21. The Petitioner has submitted that for the purpose of RPO credit to buyer, detailed statement will be issued to buyers specifying the total quantity and proportion (solar/non-solar/ hydro) in which RE has been purchased by the buyer in GDAC. We observed that the Petitioner has proposed to ascertain type of RE source at the time of registration and through NOC issued by SLDC/RLDC. Some of the stakeholders have raised the issue that due to proportionate method for claiming RPO, the buyers may end up buying power from an RE source for which it has no requirement and, therefore, buyers may be given flexibility to choose the type of RPO they wish to fulfill from the power procured from GDAC. In other words, RPO fungibility may be provided with respect to power procured through GDAC.*
>
> *22. We are of the view that RPO fungibility is an issue that needs wider consultation and cannot be addressed through the present petition**. We agree with the proposal of the Petitioner that the buyers may claim respective RPO based on the statement issued by the Power Exchanges, in pursuance of the source of generation as indicated in NOC/ Standing Clearance issued by SLDC/RLDC.** Further, as stipulated in the MoP proposal, **the buyers of RE market will get solar and non-solar RPO credit on the basis of the proportion of the solar and non-solar bids of the sellers cleared in the total volume."***

As per the above, it was provided that buyers may claim respective RPO based on the statement issued by the Power Exchanges, in pursuance of the source of generation as indicated in NOC/ Standing Clearance issued by SLDC/RLDC, and that the calculation of the RPO credit is on the basis of the proportion of the solar and non-solar bids of the sellers cleared in the total volume.

4.4 We have perused a sample copy of the certificate being issued by a power exchange for the purpose of RPO compliance in respect of a sample consumer which has purchased the energy from the exchange in G-DAM. The relevant extract is as under:

Certificate of Purchase of Renewable Energy in Green-Day Ahead Market

For Delivery Date: 09/07/2026 **Issued on :** 10/07/2026
Portfolio Name:

This is certified that ' has purchased 16.00 MWh (at regional periphery) of Renewable Energy for the period 09/07/2026 to 09/07/2026 through in Green-Day Ahead Market.

Wind (in MWh)	Hydro (in MWh)	Other-RE (in MWh)	DRE (in MWh)	Total (in MWh)
2.24	0.56	12.82	0.38	16

As per the above, it is noted that the power exchange is providing the breakup of specified source-wise energy purchased through G-DAM.

4.5 We have also perused a sample copy of Standing clearance issued by RLDC, in respect of a RE Generator, which is submitted to the Power exchange for making transactions in the respective power exchange.

8. DISCOM Ref Id:	**N/A**
9. HT Service No:	**N/A**
10. SLDC Ref Id.:	**N/A**
11. Utility Type:	**Independent Power Producer**
12. State :	**Gujarat**
13. Renewable Consumption Obligation Category Available :	**Other RE**
14. Fuel Types :	**Solar Power**

15. Maximum MW (at regional periphery) allowed for injection:

S.No.	From Date	To Date	From Time (in Hrs.)	To Time (in Hrs.)	Quantum (MW)
1	15/07/2026	18/07/2026	00:00	00:15	200
2	15/07/2026	18/07/2026	00:15	00:30	200
3	15/07/2026	18/07/2026	00:30	00:45	200

As per the above, it is noted that RLDC, in the standing clearance, provides the RCO category of the RE generator as well as fuel type.

4.6 We note that 51% charging is considered for the purpose of waiver only when charged from wind or solar source. The RLDC provides fuel type in the NOC. The Exchanges are already issuing a certificate for the purpose of RCO. Accordingly, a similar certificate is a feasible option for identifying solar/wind-based sources in G-DAM transactions.

4.7 With regard to the accounting of the energy purchased by the storage projects to meet the requirement of 51% charging from REGS or RHGS based on wind or solar sources, the power exchanges can follow a similar methodology which is

being followed for segregation of the schedules for the RPO compliances. Since, for the waiver purpose only the detail of drawal from wind and solar source is required to be accounted for, such accounting and certification shall be based on the proportion of the wind, solar and other than wind, solar, bids of the sellers cleared in the total volume of such Power Exchange in the respective market segment.

4.8 Accordingly, it is proposed that the condition of meeting 51% energy requirement for pumping of water or charging of battery with electricity generated from REGS or RHGS based on wind or solar sources through G-DAM in Power Exchange may be allowed subject to the condition that such ESS shall produce a certificate from the exchange indicating the breakup of RE source-wise energy transacted through Green Day Ahead Contracts. Accordingly, a Proviso is proposed to be inserted under Regulation 13(2)(c).

5. Amendment to Regulation 13(2)(c): Treatment of charging power for ESS at the contract level in case of shortfall of condition of 51% at ESS level.

5.1 Regulation 13 (2)(c) of the Principal Regulations provides as under.

> *"(c) ESS shall be considered for waiver of transmission charges, when such ESS is meeting atleast 51% of its annual electricity requirement for pumping of water or charging of battery with electricity generated from REGS or RHGS based on wind or solar sources."*

As per above, an ESS (Hydro PSP or BESS) is eligible for waiver of transmission charges if it meets 51% of its total electricity requirement for pumping water or for charging batteries during a year from REGS or RHGS based on wind or solar sources. Accordingly, the present eligibility criteria provide to meet the requirement on the overall project basis.

5.2 Tata Power vide its letter dated 16.03.2026 submitted as under:

> *"Sir, one of the issues which was highlighted during the meeting, pertains to the applicability of ISTS charges waiver for PSP projects. As per Clause 13 (2) (c) of the 4th Amendment to the CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations. 2022 the 51% criterion for RE is on the annual charging requirement of the entire ESS. The said clause is given below:*
>
> > *"ESS shall be considered for waiver of transmission charges, when such ESS is meeting at least 51% of its annual electricity requirement for pumping of water or charging of battery with electricity generated from REGS or RHGS based on wind or solar sources"*
>
> *The above condition is ok, for small capacity BESS projects, where storage contracts are being tied up with single beneficiary and assuring 51% RE power for charging remains the prerogative of a single beneficiary whether it wants to avail the waiver*

benefit or not However, this is bound to make things complex for large capacity PSP projects, where multiple use cases and project configurations are being envisaged and capacities from a single project are being tied up with multiple beneficiaries, under various business models (Peak FDRE, RE-RTC, Assured Peak etc.). This is to cater to the demands of DISCOMs/Commercial and Industrial (C&I) consumers who are increasingly exploring supply arrangement to cater to their unique demand patterns.

In the above cases, where multiple contracts are being envisaged from a single PSP project minimum 51% RE power for charging cannot be guaranteed, as default in one contract to meet the 51% RE requirement can render the entire PSP ineligible for ISTS charges waiver Further, a beneficiary may willingly choose to supply brown power for charging of PSP and may not be interested in availing the ISTS charges waiver. But that shouldn't come at the cost of beneficiaries of other contracts of the same PSP. Therefore, applying the 51% RE criterion on the charging power of the entire PSP would not be a rational approach.

….

It is therefore requested that the Hon'ble CERC may please allow the condition of 51% RE power for charging to be based at least at the unit level of PSP, if not at the contract level."

As per the above, Tata Power has raised the issue that default in one contract to meet the 51% RE requirement can render the entire PSP ineligible for ISTS charges waiver and hence suggested to allow the condition of 51% at the contract level.

5.3 We have taken the opinion of Grid-India on the issue raised by Tata Power. Grid-India vide its e-mail dated 01.05.2026 submitted as under:

"5. The Tariff Based Competitive Bidding Guidelines for procurement of storage capacity/stored energy from Pumped Storage Plants, issued by Ministry of Power dated 06th Feb 2025 provides for procurement of storage capacity/ stored energy from the PSPs at the project or plant level. The relevant definitions of PSP, its developer and concerned PPA are quoted below:

***"r. "Pumped Storage Plants (PSPs)"** or **"Projects"** shall mean a hydro power plant, either on-stream or off-stream, that stores energy by pumping water from a lower stream/ reservoir to a upper reservoir and generates electricity by releasing it back through a turbine-generator.*

***s. "Pumped Storage Plant Developer (PSPD)"** or **"Developer"** shall mean an entity that owns or operates a PSP. The PSP can provide storage capacity or stored energy from various sources, under these guidelines.*

***t. "Pumped Storage Purchase Agreement"** or **"PSPA"** or **"Power Purchase Agreement"** or **"PPA"** shall mean an agreement between either the Intermediary Procurer or the End Procurer and the Developer outlining the terms for purchasing storage capacity or stored energy from the Pumped Storage Plant (PSP). The agreement can be based on a Tolling Tariff, Composite Tariff, or any other applicable model."*

6. In accordance with above-mentioned regulatory provisions and Reg. 13(2)(i) of CERC Sharing Regulations (quoted below), the criteria to meet at least 51% of annual

electricity requirement for charging of a PSP from renewable energy sources has been specified at the plant/station level.

"(i) For the purpose of monthly transmission charges by NLDC, the requirement of subclause (c) and (f) of this Regulation for ESS regarding meeting 51% of its annual electricity requirement for pumping of water or charging of battery with electricity generated from REGS or RHGS based on wind or solar source shall be taken based on self-declaration by the entity claiming such waiver. After completion of the financial year, it shall be verified by NLDC whether the 51% criteria have been met, failing which revised bills for transmission charges shall be raised, considering no waiver for such entity."

However, RE waiver is considered on scheduled basis, and scheduling is done accordingly to the contract. Therefore, the 51% of annual electricity requirement criteria can be done on contract basis.

7. The station wise scheduling provides reliable and secure supply for the buyers. In case of tripping of an unit, reduced (prorate) supply obligation can be met through the other on bar unit(s) of the station. In addition to the extant regulatory framework enabling plant/station level scheduling, the technical and operational characteristics of PSPs further necessitate a station-level approach:

a) Common reservoir configuration in PSPs

In PSPs, the upper and lower reservoirs are common to the entire generating station. The storage and release of water is inherently a station-level function.

b) Interchangeability of pumped energy across units

8. The energy used for pumping by one pump-turbine unit contributes to the stored water in the common reservoir, which can subsequently be utilized for generation by any of the units. Therefore, the supply obligation for the buyers can be ensured through the station-wise scheduling of the PSP.

9. While the waiver of ISTS charges under Regulation 13(2) of CERC Sharing Regulations is applicable on scheduled power from the eligible sources, the scheduling is based on the contracts. In view of the request raised by Tata Power vide letter dated 16.03.2026, the eligibility for the waiver of ISTS charges based on 51% RE charging of PSP can be assessed at the contract level through the tagging of each such contract, in accordance with the respective PPAs.

Accordingly, the beneficiaries seeking to avail the waiver of ISTS charges based on 51% RE charging to the PSP shall be required to tag/reference, in the scheduling systems, the PSP's drawal schedule from the REGS/RHGS against the PSP's despatch schedule to such beneficiaries. The tagged/referenced contracts shall be duly verified by NLDC to ascertain compliance with the 51% RE charging requirement for each such PSP beneficiary."

As per the above, Grid-India has suggested that the eligibility for the waiver of ISTS charges based on 51% RE charging of PSP can be assessed at the contract level through the tagging of each such contract, in accordance with the respective PPAs.

5.4 We have considered the difficulties highlighted by Tata Power and inputs given by the Grid-India on the issue. We note that for a PSP to be eligible for waiver, it should charge 51% from wind/solar sources. It may enter into different types of contracts wherein, in some cases, the power for pumping water to the PSPs may be arranged by the drawee DICs and in other cases by the PSP itself. Therefore, in such a case, a default in one or more contracts in meeting the 51% RE charging requirement may result in ineligibility for the entire project.

5.5 In view of the above, it is proposed that if a Hydro PSP project fails to meet the 51% charging requirement from REGS or RHGS based on wind or solar source at the project level, the transmission charge waiver will be applied on a contract basis for projects with multiple beneficiaries. If such a requirement arises for such calculation, a specific contract may qualify for the waiver, which meets the criteria of 51% charging from solar or wind sources, and others not satisfying the criteria shall not be eligible for waiver. Since implementation of the contract-wise tagging may involve detailed modalities, it is proposed that NLDC shall issue a detailed procedure covering implementation modalities, including that for collection of data and accounting of scheduled energy for the purpose of this Clause, after stakeholder consultation. In view of the above, provisos (as second and third are proposed to be inserted under Regulation 13(2)(c).

5.6 It is also clarified that the issue of contract-wise breakup has been raised in respect of Hydro PSP only. Keeping in view the complexity involved in the tagging of multiple small contracts and the smaller quantum of BESS, the same has not been proposed to be covered under the said proposition.

6. Amendment to Regulation 13(2): Waiver provisions for the specified generating stations where the transmission system got delayed.

6.1 Regulation 13(2) of the Principal Regulations provides for various conditions under which waiver of ISTS charges is provided.

6.2 MoP vide OM dated 16.04.2026 provides as under:

> ***Subject: Extension of Inter-State Transmission charges waiver on transmission of the electricity generated from solar and wind sources of energy, for the RE projects delayed due to delay in readiness of transmission infrastructure - reg.***
>
> *I am directed to refer to the representations received from Renewable Energy (RE) developers seeking clarification regarding the extension of the benefit of graded waiver of Inter-State Transmission System (ISTS) charges in respect of projects whose firm start date of connectivity falls within the period from 1 July 2025 to 30th June 2028, but*

whose commissioning may be delayed beyond the firm start date of connectivity due to non-readiness of the transmission systems.

2. The benefit of ISTS charges waiver accrues to the procurers rather than the Renewable Energy (RE) developers, as the responsibility for payment of ISTS charges lies with the procurers in accordance with the extant regulatory provisions. However, the delay in commissioning of RE projects due to the non-readiness of the transmission system may lead to PPA disputes between RE developers and end procurers. ***Therefore, such cases may be considered for extension of the benefit of graded waiver of 75%/50%/25%, as applicable, to such projects****.*

i. Having firm Power Purchase Agreement (PPA) as on 31 March, 2026, and

ii. Having the firm start date of connectivity within the period from 01.07.2025 to 30.06.2028, and

iii. Achieve COD before, or within the specified time limit from, the COD of the concerned transmission system.

3. Further, the projects with firm start date of connectivity on or before 30.06.2025 may be considered for grant of 100% waiver in case they satisfy the relevant conditions under para 2.

4. CERC may make suitable regulatory provisions for providing benefit to RE projects as mentioned above."

As per the above, MoP has requested to make suitable regulatory provisions for extension of the waiver of ISTS charges subject to conditions.

6.3 Keeping in view the MoP OM dated 16.04.2026, the waiver provisions are proposed to be incorporated under the regulations, in respect of projects whose firm start date of connectivity is till 30th June 2028 and are delayed due to non-readiness of the transmission system.

6.4 MoP OM provides that only the projects that have entered into firm PPA till 31.03.2026 shall be eligible for waiver; however, keeping in view that the said timelines have already expired, it is proposed that some more time, i.e., up to 31.12.2026, should be granted to the projects which are delayed in entering into the PPA/ contracts. The MOP OM provides that 'firm PPA' should be considered. However, it is required to be clearly provided for as to what constitutes 'firm PPA' in terms of these regulations. Currently, PPAs entered into consequent to tariff-based competitive bidding under Section 63 of the Act are only considered for the purpose of PPA/PSA under Regulation 5.8(xi)(a) of the GNA Regulations. However, considering that a number of RE projects may enter into contracts other than that under Section 63 of the Act, it is proposed that any contract covered under Contracts Act shall be an eligible document subject to condition that the contract from injecting entity till drawee entity should be covered i.e., in case of transaction via an intermediary, copy of both contracts i.e., with generating station

and with the drawee entity shall be required. Further, to bring firmness of contract, it is provided that a contract with a minimum tenure of 7 years (as per MoP Guidelines of long-term procurement) shall only be eligible.

6.5 Further, MOP has also suggested providing some time for the project to achieve COD from the COD of the concerned transmission system. In this regard, we are of the view that a period of two months is sufficient from the date of effectiveness of its GNA. The same is in line with provisions of various RFP/PPA entered into through REIAs for extension of SCOD. It is noted that the GNA effectiveness date depends on the COD of all elements identified for such Connectivity. However, if the substation, including the associated terminal bay, has achieved COD, but one of the elements in the system has not achieved COD, a generating station is able to achieve COD and evacuate its power under margins in the system. This time period is granted to allow the project sufficient time to complete testing, commissioning, and trial run activities prior to the declaration of its COD, once the transmission system required for power evacuation becomes ready.

6.6 Accordingly, the sub-clause (h-i) is proposed to be inserted in regulation 13(2) of Principal regulations.

6.7 An explanation to the proposed sub-clause (h-i) is as under:

Explanation 1: Suppose a REGS based on a solar source is having its firm start date of connectivity as 30.06.2026 (is eligible for consideration of 75% schedule for waiver under Annexure-III) and the contract is signed on 30.09.2026.

If the GNA effective date is delayed beyond the firm start date of Connectivity, due to non-readiness of the required transmission system and the GNA is made effective on 30.06.2029, and the project achieves COD in 2029, the waiver applicability is ‘zero’ under prevailing Regulations.

However, as per the proposed amendment, if such RE project achieves COD within a period of two months of effectiveness of its GNA, i.e. up to 30.08.2029, the said project shall be eligible for the waiver as per the slab applicable on its firm start date of connectivity, i.e. 30.06.2026, i.e., 75%.

However, if the project fails to achieve COD by 30.8.2029, it shall be eligible for waiver as per its COD in terms of trajectory under Table 1 of sub-clause (a) of clause (2) of Regulation 13, i.e., Nil waiver.

Explanation 2: Suppose a REGS based on solar source is having its SCOD as 30.06.2025 and firm start date of connectivity as 30.06.2025 and entered into a contract with buyer on 30.09.2026 for a period of 25 years (shall be eligible for consideration of 100% schedule for waiver under Annexure-III).

Suppose the GNA is made effective on 30.03.2026. As per the proposed amendment, if such RE project achieves COD within a period of two months of effectiveness of its GNA, i.e., up to 30.05.2026, the said project shall be eligible for the waiver as per the slab applicable on its firm start date of connectivity, i.e., 30.06.2025, which is 100%. Further, if such project achieves COD on 30.06.2026, i.e., beyond a period of two months from the effectiveness of its GNA, it shall be eligible for waiver as per its COD in terms of trajectory under Table 1 read with sub-clause (h).

6.8 It is proposed that the eligibility for waiver under proposed dispensation shall only be for a period of up to the tenure of the contract. If the PPA is signed for a period of 15 years, the project shall be eligible for waiver only till the tenure of the contract, i.e., 15 years from the date of COD. It may be a case that the project, based on its COD, is eligible for 50% waiver for 25 years in terms of the existing waiver trajectory under Table 1 of Regulation 13(2).

6.9 Accordingly, a choice should be given to the REGS which qualifies for waiver under both sub-clause (a) and proposed sub-clause (h-i). It is proposed that such entity shall submit an undertaking to the NLDC and CTUIL within a period of fifteen days of achievement of COD of the project, specifying under which sub-clause (either sub-clause (a) or sub-clause (h-i)) they intend to claim the waiver. The option once exercised shall not be altered. Therefore, a new sub-clause (h-ii) is proposed to be inserted under Regulation 13(2) as under:

"(h-ii) An REGS based on wind or solar sources, or RHGS based on a combination of wind and solar sources, which qualifies for waiver under both sub-clause (a) and sub-clause (h-i) of this Clause shall submit an undertaking to the NLDC and CTUIL within a period of fifteen days of achievement of COD, specifying the sub-clause (either sub-clause (a) or sub-clause (h-i)) under which they intend to claim the waiver:

Provided that the option once exercised shall remain binding and shall not be altered during the permitted waiver period under these Regulations."

6.10 An explanation to the proposed sub-clause (h-ii) is as under:

Explanation: Suppose a REGS based on a solar source has its firm start date of connectivity as 30.06.2026 (eligible for consideration of 75% schedule for waiver under Annexure-III) entered into a contract with a buyer for a period of 15 years. If the GNA is made effective on 30.04.2027 and the project achieves COD on 30.06.2027 (i.e. within two months of effectiveness of GNA), such project shall be eligible for consideration of 75% schedule under Annexure-III (up to tenure of contract i.e. 15 years) as per the proposed sub-clause (h-i).

However, based on its COD, i.e., 30.06.2027, under existing Table 1 of sub-clause (a) of clause (2) of regulation 13, the project is also eligible for consideration of 50% schedule for waiver under Annexure-III for a period of 25 years. In such a case, the concerned project shall submit an undertaking to the NLDC and CTUIL within a period of fifteen days of achievement of COD, specifying under which sub-clause (either sub-clause (a) or sub-clause (h-i)) they want to claim the waiver.

In addition to the above, in view of the proposed addition of Table 6 under the proposed sub-clause (h-i), the waiver provisions for a Green Hydrogen or Green Ammonia Plant as a drawee DICs under sub-clause (f) of Regulation 13(2) are also proposed to be modified to include the consequential changes.

7. Amendment to Regulation 12: Calculation of Transmission Deviation for a State if an intra-State entity obtains GNA$_{RE}$ or T-GNA$_{RE}$

7.1 Regulation 12(1)(b) of the Principal regulations provides as under:

*"**12. Transmission Deviation***

(1) Transmission Deviation, in MW, shall be computed as under

…..

(b) For a State, transmission deviation in a time block shall be net metered drawal in excess of sum of GNA and T-GNA for all drawee DICs which are intra-State entities in that State:

Provided that, where a State has net metered injection in a time block, transmission deviation in a time block shall be net metered injection in excess of sum of (i) GNA for all drawee intra-State entities in the State, (ii) GNA for injecting intra-State entities (not covered under GNA for the State) and (iii) T-GNA for injecting intra-State entities"

7.2 As per the above, a scenario wherein the entities in the State have GNA and T-GNA is covered. However, in the State an intra-State entity may also seek GNA$_{RE}$ or T-GNA$_{RE}$, in terms of eligibility under the GNA Regulations, for the purpose of drawl of power from sources as specified in sub-clauses (i) to (iv) of Regulation 13(2) of the Sharing Regulations.

7.3 The above issue was highlighted by Grid-India during the meeting held with the Commission on 29.05.2026. The relevant extract is as under:

"Regional Transmission Deviation Account

Clause 1 (b) of Regulation 12 of the Sharing Regulations provides the framework for computation of Transmission Deviation for a State as under:

Quote

"(b) For a State, transmission deviation in a time block shall be net metered drawal in excess of sum of GNA and T-GNA for all drawee DICs which are intra-State entities in that State:

Provided that, where a State has net metered injection in a time block, transmission deviation in a time block shall be net metered injection in excess of sum of (i) GNA for all drawee intra-State entities in the State, (ii) GNA for injecting intra-State entities (not covered under GNA for the State) and (iii) T-GNA for injecting intra-State entities"

Unquote

- *RPCs are considering GNA-RE and TGNA-RE of intra state drawee entities, along with GNA and T-GNA*
- *Entity scheduling from DAM and RTM with GNA-RE and/or T-GNA-RE are to be billed at RTDA rate"*

As per the above, Grid-India has highlighted the issue that RPCs have been considering the quantum of GNA_{RE} and $T\text{-}GNA_{RE}$ in such cases for calculation of Transmission Deviation for the State.

7.4 It is to be noted that entities having GNA_{RE} and $T\text{-}GNA_{RE}$ are entitled to draw power only from identified sources. Hence, any drawl beyond such identified power even within the GNA_{RE}/$T\text{-}GNA_{RE}$ quantum is a transmission deviation. The transmission deviation should be calculated with respect to the scheduled drawal under GNA_{RE} or $T\text{-}GNA_{RE.}$ Such provision already exists under sub-clause (d) of Clause 1 of Regulation 12 of the Principal Regulations for a regional entity, which provides that for a regional entity having GNA_{RE} or $T\text{-}GNA_{RE,}$ transmission deviation in a time block shall be net metered drawal in excess of scheduled drawl under GNA_{RE} and $T\text{-}GNA_{RE}$ from identified sources.

7.5 Accordingly, in light of the discrepancy brought to light by Grid India, the following is proposed to be incorporated in the Regulations for intra-state entities, having GNA_{RE} or $T\text{-}GNA_{RE}$ as under:

In such a case, the transmission deviation of the State shall be net metered drawal in excess of the sum of GNA and T-GNA for all drawee DICs in that State and

scheduled drawl under GNA_{RE} and T-GNA_{RE} from identified sources by the entity located in such State which has obtained such GNA_{RE} or T-GNA_{RE}.

7.6 The above proposal is explained as under:

Explanation: Consider the example of a State "A" having a GNA of 5000 MW. Within the State, an intra-state entity "B" has 500 MW of GNA_{RE}. In a particular time block, entity "B" schedules 300 MW from sources specified under Clause (2) of Regulation 13 of the Principal Regulations. If, in that particular time block, the total drawal of State "A" is 5450 MW, the transmission deviation shall be applicable on the quantum equal to 5450 - (5000 + 300) = 150MW

7.7 Vide fourth amendment to the 2020 Sharing Regulations, under Regulation 13(2) an additional renewable source i.e., (iv) Offshore wind has been added, accordingly the number "(iii)" under sub-clause (d) of Clause (1) of Regulation 12 is proposed to be replaced with number "(iv)".

7.8 In addition to the above, the Proviso to sub-clause (d) of Clause (1) of Regulation 12 is proposed to be deleted, keeping in view the provisions of the GNA Regulations where an entity having GNA_{RE} or T-GNA_{RE} under GNA regulations is not allowed to obtain GNA or T-GNA.

8. Amendment to Regulation 12: Dual connectivity treatment in TDR and corresponding matter of direct drawal through STU feeders

8.1 The draft Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) (Fourth Amendment) Regulations, 2026, published on 20.05.2026 provides as under:

"17.5 Connection to ISTS and intra-state transmission system or distribution system by drawee entities

(1) A drawee entity connected to an intra-State transmission system or distribution system may seek to connect to ISTS directly as an applicant under Regulation 17.1(iii), for such drawl capacity for which it is already connected to an intra-state transmission system or distribution system along with consent of the concerned STU clearly specifying the quantum of Connectivity to STU or Distribution system, as the case may be. Such an entity shall continue to pay the applicable charges under the Act and regulations framed therein.

(2) A GNA grantee covered under Regulation 17.1(iii) of these regulations may get connected to the intra-state transmission system or the distribution system of the State, as allowed as per the concerned State Regulations, after obtaining consent of the Nodal Agency that such a connection is technically feasible and subject to payment of applicable charges under the Act and regulations framed therein. Such entity shall confirm the quantum of Connectivity to STU or the Distribution system, as the case may be, to the nodal agency."

8.2 Further, relevant extract of the Explanatory Memorandum to the draft Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) (Fourth Amendment) Regulations, 2026, provides as under:

> *"88. We observe that with upcoming diversity in the drawee entities, where Data Centre, Green Hydrogen/Ammonia plant, iron/aluminium/smelter industry may require dual connectivity with availability of round-the-clock and economical power supply. However, we have consciously considered the comments of stakeholders, especially Discoms, which suggested that such connectivity would lead to a double transmission system and hence such entities should not be permitted to use GNARE, and the transmission charges due from them would fall upon the Discoms. CEA also suggested not allowing dual connectivity as it would lead to a sub-optimal transmission system. To address these concerns, it is proposed that such an entity seeking dual connectivity will be eligible to apply for GNA, not GNARE. However, the waiver of transmission charges for drawing RE Power under GNA, as applicable, shall remain available to such entity in terms of the Sharing Regulations, 2020.*
>
> *89. Further, the technical issues of system planning, bi-directional power flow and overloading the intra-State or ISTS, as the case may be, the Nodal Agency will grant GNA to such entity only after carrying out the technical studies."*

As per the above, the provisions regarding dual connectivity to ISTS and intra-state transmission network for drawee entities have been proposed to be incorporated in the GNA regulations. In such cases, a dual connected drawee entity may draw power directly through ISTS or utilising STU's network. In cases where the power is being drawn by the dual connected drawee entity utilising the STU's network, there is a need to specify an accounting methodology for scheduled drawal or actual drawal, as such drawal from regional beneficiaries through STU's network can affect the computation of the State's net drawal or net injection during the calculation of the transmission deviation.

8.3 A similar provision for transmission deviation was incorporated in the GNA Regulations to account for dual connectivity of generating stations. A similar provision is proposed under this amendment keeping in view the proposed amendment in the GNA Regulations. In any case, dual connectivity for the drawee entity shall be permitted only under the GNA Regulations, and the calculation of transmission deviation is a consequence of such permission, if incorporated under the GNA Regulations.

8.4 Accordingly, the following proviso is proposed to be added as the second proviso to sub-clause (b) of Clause (1) of Regulation 12 of the Principal Regulations as under:

"Provided also that where a regional drawee entity which has been permitted dual connectivity with STU and CTU network under the GNA Regulations and where it draws power directly through the STU Network, the quantum of actual drawal or scheduled drawal by such entity, through STU feeders connected to such entity, for corresponding block, whichever is lower, shall be treated as under:

(i) added to net drawal for the State in case of states with net metered drawal in a time block:

Provided that in case interface meters between the STU and such entity read drawal by the State, quantum under this sub-clause shall be considered as zero;

(ii) subtracted from net injection of the State in case of State with a net metered injection in a time block:

Provided that in case interface meters between the STU and such entity read injection by the State, quantum under this sub-clause shall be considered as zero."

8.5 The above proposal is explained with the following Illustrations:

Illustration 1: State is in Net Drawal State

Suppose net drawal by the State considering all interface meters of the State (including with the said dual connected drawee regional entity) is 800 MW.

Actual Drawal of the Regional Entity as read via interface meters with STU system = 100 MW

The State's net drawal shall be modified as = 800 +100 = 900 MW

However, if the interface meter installed between STU Grid and Regional drawee entity indicates that there is drawal by the State at the interface meters between the entity and the STU, the actual drawal by the Regional drawee entity through such interface shall be considered as zero (being negative actually), and in that case the State's net drawal shall be 800 MW

Illustration 2: State is a Net Injection State

Suppose the net injection by the State is 800 MW

Actual Drawal of the Regional Entity as read via interface meters with STU system = 100 MW. Such 100 MW would have been counted in calculating net injection of the State; however, such 100 MW is being injected through identified

feeders for consumption of the specified entity and hence should not be counted towards transmission deviation.

Therefore, in the present case, the State's net injection shall be considered as = 800 - 100 = 700 MW

However, if the interface meter installed between STU Grid and Regional drawee entity indicates that there is drawal by the State, the net drawal by the Regional drawee entity shall be considered as zero (being negative), and in that case the State's net injection shall not be adjusted and shall be taken as 800 MW.

8.6 By adjusting the State's net drawal or net injection using the lower of actual and scheduled drawal by the regional drawee entity and exempting the cases where the interface meter indicates the opposite power flow, the proposed methodology prevents double counting of energy.

8.7 It is also clarified that the proposed amendment is as per the Draft Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter State Transmission System) (Fourth Amendment) Regulations, 2026, published on 20.05.2026, however, incorporation of the provisions regarding the dual connectivity for drawee entities under the Sharing Regulations shall be subject to its incorporation in the final fourth amendment to GNA regulations.

9. Other Amendments

9.1 The term "GNA_{RE}" and "T-GNA_{RE}" are defined under the GNA Regulations. Accordingly, the term "GNA_{RE}" and "T-GNA_{RE}" referred to under Clause 1(b)(ii) and 2(b)(ii) of Annexure-III of Principal Regulations is proposed to be aligned with the GNA Regulations.

9.2 The second proviso to sub-clause (b)(ii) of Clause (1) and the second proviso to sub-clause (b)(ii) of Clause (2) of Annexure-III of Principal Regulations are proposed to be deleted as the said provisos are redundant in view of the provisions under Regulations 20.4 to 20.6 and 26.4 to 26.6 of the GNA Regulations.

9.3 A new Regulation 29, with respect to issuance of suo moto orders and practice directions, is proposed to be added after Regulation 28 of the Principal Regulations.

9.4 As various procedures have been proposed to be framed by NLDC, accordingly, a new Clause (5) after Clause (4) of Regulation 23 is proposed to be added for

NLDC to issue a revised detailed Procedure. Under the proposed amendment, two procedures have been added for specific amendments, and NLDC may need to revise the existing Procedure to incorporate other amendments. NLDC may issue the draft separately for the specific regulation for stakeholder consultation and incorporate it in the consolidated procedure.

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