F. No. 238/10/2025-P AND RA
Government of India
Ministry of New and Renewable Energy
Policy and Regulatory Affairs Division
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Atal Akshay Urja Bhawan,
Lodhi Road, New Delhi – 110003
Dated: 25 May, 2026

Office Memorandum

Subject: One-Time Relief Package for already awarded RE Capacities awaiting signing of PPAs – Reg.

Kindly refer to the meeting with Renewable Energy (RE) Developers held on 06.05.2026 under the Chairmanship of Advisor to Hon'ble PM, where Secretary (Power) and Secretary (MNRE) were also present.

2. During the meeting, the pipeline of RE projects aggregating to around 45 GW, for which Letters of Award (LoAs) have been issued but PPAs are yet to be signed, was also discussed. Advisor to Hon'ble PM suggested that MNRE may prepare a One-Time Relief Package specific to such stranded RE projects.

3. Accordingly, a draft Relief Package has been prepared and enclosed at Annexure for the consideration of the Ministry of Power.

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To,

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Copy to: O/o Advisor to Hon'ble PM; PPS to Secretary, MNRE

Annexure

One-Time Relief Package for such cases where Letters of Award have been issued by REIAs, but PPAs have not been signed

Scale of Pendency

In respect of tenders issued since April 2023 by Renewable Energy Implementing Agencies (REIAs), as Intermediary Procurer, as on 30.04.2026, 44.8 GW of renewable energy (RE) procurement capacity remains unsigned.

One-Time Relief Package – Proposed Measures

The following measures are proposed as a structured relief package. They are grouped under two broad categories:

(A) Demand-side facilitation measures aimed at making PSA execution more attractive to DISCOMs and End-Procurers, and

(B) Supply-side resolution options providing developers with clearly defined pathways to resolve their LoA status.

All measures are proposed without direct fiscal or subsidy support from the Central Government.

Category A: Demand-Side Facilitation — Making PSA Execution Attractive to DISCOMs

Measure A1: One-Time 100% Waiver of ISTS Charges	
Proposal	ISTS charges waiver may be extended to all pending projects for which PSAs/PPAs are signed within 3 months from the date of conveying this decision. The following two options are proposed: • o Option 1: 100% ISTS Waiver for PPAs signed within the cut-off date; o Option 2: ISTS waiver as per regulations, plus 25% additional waiver. In cases where the PSAs/PPAs are not signed within the stipulated timeframe, such projects may thereafter be governed by the applicable ISTS charge framework i.e. phased ISTS waiver for projects commissioned till 30.06.2028. However, in cases where project commissioning is delayed due to non-readiness of the transmission system, the project may continue to be eligible for ISTS waiver as per the original Scheduled Commissioning Date (SCD).

Rationale	ISTS charges add an estimated ₹0.60 per kWh to the effective landed cost of power for DISCOMs, as per industry assessments. These charges are frequently cited as a key barrier during tariff acceptance and PSA/PPA negotiations. The ISTS waiver would reduce the effective procurement cost and improve the commercial attractiveness of pending projects, while incentivizing the timely execution of PSAs/PPAs. Further, the proposed safe harbour provision would ensure that developers are not adversely affected when commissioning delays arise due to non-readiness of the transmission system, which is beyond the project developer's control.

Measure A2: BESS with Plain Vanilla Solar

Proposal	States opting to sign PPAs for vanilla solar projects may be provided 2 hours of BESS with Section 62 tariffs for non-solar hours. This will help in meeting DISCOM's operational and grid management requirements.
Rationale	In some instances, DISCOMs' reluctance to sign PSAs stems from concerns about the ability of vanilla solar projects to fulfil their system requirements. Enabling 2 hours BESS with the Section 62 tariff can address such operational concerns without any change in the RE project configuration or tariff.

Measure A3: Connectivity to STU Network for State-Linked Supply

Proposal	Projects tendered by REIAs under the ISTS-connected framework may be permitted, on a one-time basis, to connect to the State Transmission Utility (STU) network in cases where the power is ultimately supplied to the same state, irrespective of the tender conditions. REIA to continue collecting trading margin subject to PSM.
Rationale	In several cases, DISCOMs are reluctant to procure power through the ISTS route due to additional transmission charges and system costs, particularly where the power is intended for consumption within the same state. Allowing connectivity through the STU network can reduce landed power cost, improve transmission utilisation efficiency, and make pending RE procurement more commercially attractive for states

Measure A4: Deemed RPO/RCO Compliance for Delayed Commissioning

Proposal	If PSAs are signed by DISCOMs within 3 months from the date of conveying this decision, DISCOMs may be made commensurately eligible for deemed RPO/RCO compliance from the date of signing of the PPA.

	In case of project SCOD extension due to sequential transmission delays, the state may be provided a deemed RPO/RCO compliance for the FY, since the state has contracted the capacities
Rationale	Many states, including states like Rajasthan and Maharashtra, are lagging in RCO compliance as per the defined trajectory till 2030. Granting deemed RPO/RCO compliance will incentivize the timely execution of PSAs and ensure continued momentum in renewable energy procurement.

Measure A5: Fast-Track Tariff Approval by SERCs	
Proposal	Deemed Tariff Adoption: Tariff to be deemed adopted within 45 days of application if no action is taken, removing approval bottlenecks.
Rationale	Regulatory delay/denial in SERC tariff approval is a frequently reported source of pendency in PSA execution. Even where a DISCOM is willing to proceed, the absence of SERC approval can prevent execution. Deemed tariff adoption will directly reduce regulatory processing time.

Timeline for Demand-side Facilitation (Category A) : 90-Day closure window, with possibility of 30-day extension, for 178 Identified Cases. Post window, CERC options (as per Draft Order dated 06.05.2026) will apply.

<u>Category B: Supply-Side Resolution Options for RE Developers</u>

Measure B1: Developer Resolution Options — Mandatory Election

In parallel with demand-side facilitation measures, it is necessary to provide RE developers holding stranded LoAs with clearly defined resolution pathways to address connectivity utilisation and PPA status. Developers shall be required to mandatorily choose one of the following three options within a stipulated time period. Option III shall be treated as the default where no election is made.

<u>Option-I</u> : <u>Cancellation of LoA without surrendering the connectivity</u>: Exit from the LoA route for connectivity, without surrendering the connectivity and cancellation of LoA issued by REIA

- Exit from the LoA route, without surrendering the Connectivity, by making an application to CTUIL seeking exit from the LoA route, along with the following documents:

  i. No Objection Certificate from the concerned REIA certifying non-signing of the PPA.

  ii. Land Papers or Performance Bank Guarantee for Rs 10 lakh/MW.

iii. Fresh Scheduled date of commercial operation (SCOD), which shall not be later than **24 months** *(CERC's Proposal dated 15.04.2026 mentions 18 months)* from the date of issuance of intimation by CTUIL accepting the option of the entity or the firm start of Connectivity, whichever is later.

- Rest all conditions to be broadly in line with the Option-I proposed in CERC's Draft Order dated 06.05.2026 in Petition No. 11/SM/2026 except that extra time for achievement of milestones, with payment of Milestone Extension Charges (MEC) to be in line with those proposed in CERC's Proposal dated 15.04.2026 (Petition No. 5/SM/2026), broadly summarised as follows:

- No MEC for the first **two months after the GNA effective date** for COD, recognizing dependency on substation energization.

- MEC to be levied as follows:

Milestone	**Max Extension Allowed**	**Base MEC**	**Escalation**	**Eligibility Conditions**
Land Documents Submission	Up to 3 months	₹1,500/MW/day (1st month)	+10% in 2nd month (₹1,650/MW/day), +20% in 3rd month (₹1,800/MW/day)	Must furnish land documents for at least 20% of required land
Financial Closure (FC)	Up to 6 months	₹1,500/MW/day (first 3 months)	+10% in 4th month (₹1,650), +20% in 5th (₹1,800), +30% in 6th (₹1,950)	Under Land BG route: 50% land docs; under LoA/PPA route: 25% land docs
Commercial Operation Date (COD)	Up to 12 months	₹3,000/MW/day (first 6 months)	+10% monthly up to 9th month (₹3,900/MW/day); then ₹6,000/MW/day for months 10–12	100% land docs (Land BG route) or 50% (LoA/PPA route) + proof of FC + EPC contract details

<u>Option-II</u>: <u>Swapping of LoAs and extended timelines for SCOD</u>: Substitution of the LoA with a PPA signed under another LoA, and cancellation of the REIA's LoA which is being substituted

- Substitution of the LoA with a PPA signed under another LoA, by making an application to CTUIL seeking substitution of LoA to PPA, with SCOD of the project to be considered as per PPA, with extended SCOD not to be more than 30 months from the date of conversion.

- All conditions to be broadly in line with the Option-II proposed in CERC's Draft Order dated 06.05.2026 in Petition No. 11/SM/2026 except that extra time for achievement of milestones, with payment of Milestone Extension Charges (MEC) to be in line with those proposed in CERC's Proposal dated 15.04.2026 (Petition No. 5/SM/2026)

<u>Option-III</u>: <u>Penalty-free exit</u>: Surrendering of Connectivity with return of Conn-BGs (Conn-BG1, Conn-BG2 and Conn-BG3) and cancellation of LoA issued by REIA

- Surrendering of Connectivity with return of Conn-BGs (Conn-BG1, Conn-BG2 and Conn-BG3), by applying to surrender such Connectivity to CTUIL

- Conditionalities for this Option-III to be broadly in line with the Option-III proposed in CERC's Draft Order dated 06.05.2026 in Petition No. 11/SM/2026