

MAHARASHTRA ELECTRICITY REGULATORY COMMISSION

SKV Law Offices Successfully Represents Tata Power Renewable Energy Limited Before MERC in Landmark Grid Connectivity Bank Guarantee Dispute

SKV Law Offices successfully represented Tata Power Renewable Energy Limited before the Maharashtra Electricity Regulatory Commission in Case Nos. 64 and 65 of 2025 concerning the legality of the Grid Connectivity Bank Guarantee mechanism introduced by Maharashtra State Electricity Transmission Company Limited under its STU Grid Connectivity Procedure dated 07.01.2025.

The dispute arose after MSETCL demanded GCBGs aggregating over Rs. 927 Crores from TPREL as a pre-condition for grant of connectivity to its solar and wind power projects in Maharashtra. The demands were based on Clauses 7.6, 7.8.3 and related provisions of the revised STU Grid Connectivity Procedure, which required developers to furnish bank guarantees linked to the estimated cost of transmission system strengthening works.

SKV Law Offices challenged the legality of the impugned framework and argued that:

1. The MERC (Transmission Open Access) Regulations, 2016 do not authorize MSETCL to demand bank guarantees equivalent to the cost of transmission augmentation through a subordinate procedure;
2. Under Regulation 9 of the MERC TOA Regulations, 2016 the authority to stipulate the quantum of bank guarantees vests with the Commission and cannot be assumed by the State Transmission Utility;
3. The STU Grid Connectivity Procedure dated 07.01.2025 had not been approved by MERC and could not override or supplement the parent regulatory framework;
4. The impugned GCBG requirements were inconsistent with the statutory scheme under the Electricity Act, 2003, particu-

larly the obligations of the State Transmission Utility to provide non-discriminatory access and develop an economical transmission system;

5. Unlike the CERC Connectivity and General Network Access Regulations, 2022, which specifically empower CTUIL to seek connectivity bank guarantees linked to augmentation costs, no such enabling provision exists under the MERC TOA Regulations.

The matter involved important questions concerning delegated legislation, the limits of procedural powers exercised by transmission utilities, and the regulatory framework governing connectivity for renewable energy projects developed through competitive bidding.

By its Order dated 16.06.2026, MERC accepted the Petitioners' challenge to the existing GCBG framework, held that the issue required a proper regulatory basis, and protected developers from being subjected to the impugned bank guarantee requirements under the current framework. The Commission further recognised the need for an appropriate regulatory exercise to address connectivity and GNA-related issues in the State.

The ruling is significant for renewable energy developers across Maharashtra as it provides important regulatory clarity on connectivity requirements and reinforces the principle that substantial financial obligations impacting project viability must emanate from a valid statutory and regulatory framework.

The matter was led by **Mr. Shri Venkatesh, Founding Partner**, along with **Mr. Suhael Buttan, Partner**, **Ms. Surbhi Kapoor, Senior Associate**, and **Mr. Nikunj Bhatnagar, Senior Associate**, from SKV Law Offices.

FOR FURTHER INFORMATION PLEASE CONTACT

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