



**THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION  
LUCKNOW**

**Petition No. 2189 of 2025**

**QUORUM**

Hon'ble Shri Arvind Kumar, Chairman

Hon'ble Shri Sanjay Kumar Singh, Member

**IN THE MATTER OF**

Petition under section 17(3) of the Electricity Act, 2003 read with Regulation 4.3.1 of the UPERC (General Conditions of Transmission Licence) Regulations, 2005 and article 15 of the Transmission Service Agreement dated 05.04.2024 seeking regulatory approval of this Hon'ble Commission for creating charge over Transmission Service Agreement/Transmission License, the assets (immovable & movable), and bank accounts of the Petitioner in favour of Lenders.

**AND**

**IN THE MATTER OF**

**TP Jalpura Khurja Power Transmission Limited**

Through its Authorized Representative,  
Corporate office at Shatabdi Bhawan, B-12 & 13  
Sector-4, Noida, Uttar Pradesh-201301

..... Petitioner

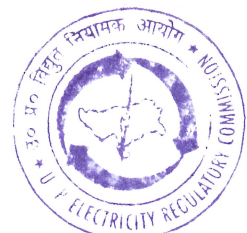
**VERSUS**

**1. U.P. Power Transmission Corporation Ltd.**

Through its Managing Director  
7th Floor, Shakti Bhawan, 14, Ashok Marg,  
Lucknow, Uttar Pradesh-226001

**2. REC Power Development and Consultancy Limited**

Through its Authorized Representative,  
Core-4, SCOPE Complex,7,



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Lodhi Road, New Delhi-110003

**3. IndusInd Bank Limited**

Through its Branch Manager,  
Having its registered office at 2401, Gen Thimmayya Road,  
(Cantonment), Pune, Maharashtra- 411001

**4. CSB Bank Limited**

Through its Branch Manager,  
Patel Nagar, Sanatana Dharma World University,  
20 South Patel Nagar, New Delhi 110008

**5. Paschimanchal Vidyut Vitran Nigam Ltd.**

Through its Managing Director,  
Urja Bhawan, Victoria Park,  
Meerut, Uttar Pradesh-250001

**6. Madhyanchal Vidyut Vitran Nigam Ltd.**

Through its Managing Director,  
4-A, Gokhale Marg, Lucknow,  
Uttar Pradesh-226001

**7. Purvanchal Vidyut Vitran Nigam Ltd.**

Through its Managing Director,  
132 KV S/S Bhikari Vidyut Nagar,  
Varanasi, Uttar Pradesh-221004

**8. Dakshinanchal Vidyut Vitran Nigam Ltd.**

Through its Managing Director,  
Urja Bhavan, NH - 2 (Agra - Delhi Bypass Road),  
Sikandra, Agra, Uttar Pradesh-282002

**9. Kanpur Electricity Supply Co. Ltd.**

Through its Managing Director,  
Headquarter, Kesa House, 14/71, Civil Lines,



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Kanpur, Uttar Pradesh-208001

**10. Uttar Pradesh Power Corporation Limited**

Through its Managing Director,

7th Floor, Shakti Bhawan, 14,

Ashok Marg, Lucknow, Uttar Pradesh-226001

..... Respondents

**THE FOLLOWING WAS PRESENT**

1. Md. Altaf Mansoor, Advocate, UPPCL
2. Sh. Ashutosh Srivastava, Advocate, Petitioner
3. Sh. Harsh Vardhan, Advocate, Petitioner
4. Sh. Deepak Raijada, Director (CP), UPPCL
5. Sh. Rajiv Singh, EE, UPPCL
6. Sh. Rakesh Kumar, SE, UPPTCL
7. Sh. Shitanshu Yadav, EE, UPPTCL
8. Ms. Tanya Singh, Lead Associate, Tata Power
9. Ms. Garemaa Parihar, Lead Associate, Tata Power

**ORDER**

**(DATE OF HEARING: 12.06.2025)**

1. The instant Petition has been filed under Section 17(3) of the Electricity Act, 2003 read with Regulation 4.3.1 of the UPERC (General Conditions of Transmission Licence) Regulations, 2005 and Article 15 of the Transmission Service Agreement Dated 05.04.2024 seeking regulatory approval for creating charge over assets of the 400/220 kV, 2x500 MVA GIS Substation metro depot (Gr. Noida) with associated lines and 400/220 kV, 2x500 MVA GIS substation Jalpura with associated lines ("**Project**") and to avail financial facility in terms and conditions of the Facility Agreements between the Petitioner and the Lenders. The Prayer of the Petitioner are as follows: -

- (a) Admit the present Petition and;
- (b) Grant approval under Article 15 of the TSA read with Section 17(3) of the Act and Regulation 4.3.1 of the Transmission Regulations 2005, in favour



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of the Petitioner for creation of security over (i) Transmission License (ii) Transmission Service Agreement (iii) the Bank Account (iv) the immovable and movable assets (present and future), by way of Hypothecation, in favour of the Lenders in pursuance to the Sanction Letters and Facility Agreements executed between the Lenders and the Petitioner and/or;

- (c) Pass any other Order(s) as this Hon'ble Commission may deem and appropriate in the facts and circumstances of the present case.

### **Brief of the Petition**

2. The present Petition has been filed seeking approval of the Commission for creation of charge over the assets of the 400/220 kV, 2x500 MVA GIS Substation at Metro Depot, Greater Noida and 400/220 kV, 2x500 MVA GIS Substation at Jalpura along with associated transmission lines (hereinafter referred to as the "Project"), for securing financial assistance from IndusInd Bank Limited and CSB Bank Limited (collectively referred to as "Lenders"), as per the terms of the respective Sanction Letters and Facility Agreements executed between the Petitioner and the Lenders.
3. The Project has been awarded through Tariff Based Competitive Bidding under Section 63 of the Act, and the levelized transmission charges of Rs. 915.40 million per annum have been adopted by the Commission vide its Order dated 03.01.2025.
4. Article 15 of the TSA permits the Petitioner to create encumbrance over the Project assets, subject to prior approval of the Commission in accordance with Section 17(3) of the Act and Regulation 4.3.1 of the Transmission License Regulations.
5. The development of the Project was approved in the 6th Meeting of the Transmission Works Committee (TWC) held on 02.09.2022, as recorded in the Minutes dated 06.09.2022 issued by UPPTCL.
6. Pursuant thereto, UPPTCL, vide its letter dated 23.02.2023, appointed RECPDCL as the Bid Process Coordinator (BPC) for selection of the Transmission Service Provider (TSP) in accordance with the TBCB Guidelines and the "Guidelines for Encouraging Competition in Development of Transmission Projects" dated 10.08.2021, notified by the Ministry of Power on 10.08.2021 under Section 63 of the Act.



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7. The Petitioner was incorporated on 28.04.2023, under the provisions of the Companies Act, 2013 by RECPDCL as its 100% wholly owned subsidiary for initiating the activities to undertake pre-bid obligations in relation to the execution of the Project and to act as the Transmission Service Provider ("**TSP**").
8. RECPDCL issued the Request for Proposal (RfP) along with Global Invitation on 08.05.2023 for selection of a TSP, wherein the successful bidder was to acquire 100% equity of the Petitioner and undertake construction of the Project. The RfP was accompanied by the draft Share Purchase Agreement (SPA) to be executed between RECPDCL, the Petitioner and the successful bidder.
9. Tata Power Company Limited was declared as a "Qualified Bidder" by RECPDCL in accordance with Clause 3.2 to 3.4 of the RfP, vide its letter dated 29.09.2023. Subsequently the Bid Evaluation Committee evaluated the Bids of the Bidders and declared TPCL as the L1 bidder with a quoted transmission charge of Rs. 915.4 million per annum. A certificate to this effect was issued by the BEC on 19.10.2023, and RECPDCL issued the Letter of Intent (LoI) on 15.02.2024. TPCL accepted the LoI unconditionally on 19.02.2024.
10. UPPTCL vide its letter dated 26.02.2024, informed RECPDCL that the Government of Uttar Pradesh granted its approval for laying of the overhead transmission lines under Section 68 of the Act.
11. RECPDCL through its letter dated 11.03.2024, informed TPCL that the signing of the SPA, TSA and the acquisition of the Petitioner shall be carried out after obtaining the approval from MoP. Therefore, RECPDCL requested TPCL to extend the bid validity up to 12.05.2024. Accordingly, TPCL vide letter dated 11.03.2024 extended the bid validity up to 12.05.2024.
12. On 05.04.2024, the Share Purchase Agreement (SPA) was executed between RECPDCL, TPCL and the Petitioner, whereby TPCL acquired 100% equity of the Petitioner. On the same date, the TSA was executed between the Petitioner and the LTTCs. RECPDCL also extended the timelines for compliance of various activities, mentioned under Clauses 2.15.2, 2.15.3 and 2.15.4 of the RfP till 15.04.2024.
13. Accordingly, the Petitioner filed Petition No. 2079 of 2024 before the Commission on 12.04.2024 for grant of Intra-State transmission licence for the



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establishment of Project on BOOT basis. The Project consist of the following elements as deliberated below:

S. No.	Name of Transmission Element	SCOD in months from Effective Date
1.	Construction of 400/ 220 kV, 2x500MVA GIS substation Metro Depot (Gr. Naida) (along with 125MVAR Bus Reactor) <ul style="list-style-type: none"><li>• 400 kV, 500 MVA ICT Bays: 02 Nos.</li><li>• 400 kV Feeder Bays: 02 Nos.</li><li>• 400 kV Bus Reactor Bays: 01 Nos.</li><li>• 400 kV Bus Coupler Bay: 01 Nos.</li><li>• 220 kV, 500 MVA ICT Bays: 02 Nos.</li><li>• 220 kV Interconnecting (220kV S/S Metro Depot) Bays: 02 Nos.</li><li>• 220 kV Future Bays: 02 Nos.</li><li>• 220 kV Bus Coupler Bay: 01 Nos.</li></ul>	18 months
2.	LILO of one ckt. of 400 kV Greater Noida (765 kV) - Pali, Gr. Noida DC line at 400/220 kV GIS substation Metro Depot (Gr. Noida) (LILO Line on 400kV Double Circuit Monopole & Twin Moose HTLS conductor along with OPGW stringing work)	
B.	<b>Construction of 400/220 kV, 2x500 MVA GIS substation Jalpura with associated lines</b>	
1.	Construction of 400/ 220 kV, 2x500MVA GIS I substation Jalpura (Gr. Noida) (alongwith 125MVAR Bus Reactor) <ul style="list-style-type: none"><li>• 400 kV, 500 MVA ICT Bays: 02 Nos.</li><li>• 400 kV Feeder Bays: 02 Nos.</li><li>• 400 kV Bus Reactor Bays: 01 Nos.</li><li>• 400 kV Bus Coupler Bay: 01 Nos.</li><li>• 220 kV, 500 MVA ICT Bays: 02 Nos.</li><li>• 220 kV Interconnecting (220kV S/S Jalpura) Bays: 02 Nos.</li><li>• 220 kV Future Bays: 02 Nos.</li><li>• 220 kV Bus Coupler Bay: 01 Nos.</li></ul>	18 months
2.	400 kV Jalpura - THDC TPS Khurja DC line (Twin Moose HTLS conductor and Monopole/Narrow Base Tower/ Conventional Tower and OPGW stringing work)	



14. Simultaneously, the Petitioner on 12.04.2024, filed Petition No. 2080 of 2024 before the Commission for adoption of Transmission Charges of Rs. 915.4

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million per annum discovered through a transparent competitive bidding process pursuant to the RfP, to establish the Intra-State Transmission system for the Project.

15. The Commission *vide* Order dated 05.11.2024, after being satisfied that the Petitioner had fulfilled the requirement of the Act and regulations, granted Intra-State Transmission License to the Petitioner for establishment of the Project.
16. In continuation thereof, the Commission, *vide* order dated 03.01.2025 approved and adopted the levelized transmission charges of Rs. 915.40 million per annum for the Project under Section 63 of the Act.
17. Thereafter, the Petitioner entered the financing arrangement with the Respondent No. 3 and Respondent No. 4. The details of the Facility Agreements entered by the Petitioner and the lenders are as under:
  - (a) Master Facility Agreement dated 10.10.2024 executed between the Petitioner and Respondent No. 3 along with Sanction Letter dated 04.10.2024. ("**Facility Agreement**").
  - (b) Term Loan Agreement dated 02.01.2025 with Respondent No. 4 along with Sanction Letter dated 21.12.2024. ("**Term Loan Agreement**").
18. On 04.10.2024 and 21.12.2024, IndusInd Bank and CSB Bank, respectively, issued Sanction Letters in favor of the Petitioner, thereby granting the following security details:
  - (a) Security Details:
    - i. First pari passu charge by way of hypothecation on all present and future movable fixed assets of the Project including but not limited to plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles, etc;
    - ii. First pari passu charge by way of hypothecation on Petitioner's book debts, operating cash flows, receivables, commissions, revenue of whatsoever nature and whenever arising, other current assets, present and future; and



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- iii. Assignment/Charge over Transmission Service Agreement executed between the Petitioner and its LTTCs/Transmission Licence by way of hypothecation.
- (b) Security Creation Timeline: The security must be created and perfected with following timelines under the facility or any of its sub-limits:
- IndusInd Bank: Within 9 months from first drawdown date.
  - CSB Bank: Within 120 days from the date of the first disbursement.
- (c) Project Details: The project involves the construction of 400/220kV, 2x500 MVA GIS substation Metro Depot (Gr. Noida) with associated lines and construction of 400/220kV, 2x500 MVA GIS substation Jalpura with associated lines.
19. The Article 15 of the TSA executed with LTTCs, permits the Petitioner to create encumbrance over all or part of the receivables, letter of credit or the other assets of the Project in favour of the Lenders as a security for amount payable under the Facility Agreement.
20. Further, the Petitioner has to obtain prior approval of the Commission under Section 17 of the Electricity Act, 2003, Article 15 of the TSA, and Regulation 4.3.1(iii) of the Transmission License Regulations, for creating a perfected first-ranking pari passu charge over all the assets, in accordance with the terms of the Sanction Letters dated 04.10.2024 and 21.12.2024 and the Facility Agreements dated 10.10.2024 and 02.01.2025, executed for availing credit facilities.
21. The Petitioner, on 08.05.2025 have submitted the financing and security documents, it has entered with the lenders before the Commission.
22. In view thereof, the Petitioner had filed the present Petition to seek approval of the Commission for the creation of security in favour of the lenders for the facility being availed by the Petitioner.

**UPPCL and LTCCs (Respondent No. 05 to 10) Reply dated 16.05.2025**

23. The Respondents submitted that the Petitioner, through the instant petition, has sought approval for creation of security interest over (i) the Transmission Licence, (ii) the Transmission Service Agreement (TSA), (iii) Bank Accounts, and (iv) both movable and immovable assets of the Project (present and future)



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by way of hypothecation. In this regard, the legal framework under Section 17 of the Electricity Act, 2003, Regulation 4.3.1(iii) of the UPERC (General Conditions of Transmission Licence) Regulations, 2005, and Article 15 of the TSA must be carefully considered while examining the reliefs sought.

24. In accordance with the provision of the TSA as well as the provisions of the Electricity Act, 2003, the following terms are a pre-condition for the creation of charge as prayed by the petitioners:

- (a) **Continuity of Services:** Transmission service to the LTTCs shall continue uninterrupted at all times, regardless of the creation or enforcement of the charge/security.
- (b) **No Increase in LTTC Liability:** The creation of charge/security interest shall not result in any financial, technical, or contractual burden on the LTTCs, in accordance with Article 15 of the TSA.
- (c) **Priority of TSA Obligations:** Obligations under the TSA shall rank above any rights or claims of the Lenders. The transmission assets shall be used solely for fulfilling TSA obligations unless otherwise approved by this Hon'ble Commission.
- (d) **Substitution Rights:** In case of enforcement of security interest/charge by the Lenders, substitution of the TSP must be done strictly in compliance with Article 15.3 of the TSA and applicable regulations, ensuring continuity of transmission service and with prior approval of this Hon'ble Commission.
- (e) **Conditional Encumbrance:** All security interests created by the TSP shall be expressly made subject to the prior rights of the LTTCs and shall not prejudice the transmission service.
- (f) **Release of Encumbrance:** Upon full repayment of debt, the TSP and Lenders must ensure unconditional release of all encumbrances affecting the TSA and transmission assets.
- (g) **Notification of Enforcement Events:** The TSP shall immediately inform UPPCL and the LTTCs in writing upon occurrence of any enforcement event by the Lenders, including appointment of a receiver or other action on secured assets.







- (h) **Execution of Supplementary Agreements:** If necessary, the TSP shall execute supplementary agreements to record the supremacy of LTTC rights and ensure alignment of financing agreements with the TSA and regulatory framework.
- (i) **Insurance Maintenance:** The TSP shall maintain comprehensive insurance over the transmission assets and utilize any insurance proceeds for restoration of services in priority to any other claim.
- (j) **Indemnification:** The TSP shall indemnify and hold harmless the LTTCs from any loss or disruption in transmission services caused directly or indirectly by the creation of enforcement of the security.
25. Further, the commission shall direct the petitioner to furnish an undertaking regarding the adherence to the terms and conditions as enumerated hereinabove.
26. For the issue pertaining to charge creation/ creation of security over the transmission license and transmission service agreement is concerned, it would be pertinent to mention that this Hon'ble Commission in Petition No. 1970 of 2023 has already held that the TSA amply secures the rights of the lenders by providing that in case of default in loan repayment, lenders can always approach the Hon'ble Commission and the Hon'ble Commission on being approached by the lenders may assign the transmission license to a nominee of the lenders subject to fulfilment of qualification, requirement and provisions of the relevant regulations which are in vogue
27. The Respondent further submitted that with respect of the specific issue of creation of charge over the transmission licence and TSA, the Commission, in Petition No. 1970 of 2023, had already observed that the provisions of the TSA itself adequately secure the interests of the lenders. In that case, it was held that lenders may approach the Commission in case of default and, subject to fulfilment of applicable regulatory requirements, seek assignment of the transmission licence to a nominee.
28. Considering the strategic importance of the present Project for strengthening the transmission infrastructure in the State of Uttar Pradesh, the Commission may take note of the aforementioned precedent and legal framework while examining the present petition, especially where the TSA already provides for



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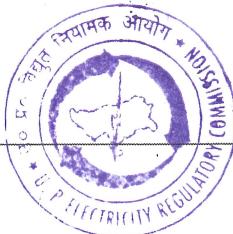
lender protection mechanisms, obviating the need for a separate charge over the TSA or licence.

**UPPTCL (Respondent No. 1) Reply dated 20.05.2025**

29. UPPTCL submitted that it has no objections to the reliefs sought by the Petitioner. Further, it adopts the reply of UPPCL and LTCCs.

**Petitioner Rejoinder dated 02.06.2025**

30. The Respondents vide their reply has agreed to the relief sought by Petitioner for hypothecation of movable and immovable assets and pledge of shares. The Petitioner filed the instant rejoinder to address the limited concern raised by UPPTCL towards assignment of transmission licence.
31. The Petitioner has clarified that all the conditions outlined by the Respondents are already addressed within Article 15 of the Transmission Service Agreement (TSA). The TSA forms the binding contract between the Petitioner and the LTTCs and comprehensively governs all matters related to assignment, creation of security, substitution, and enforcement of lender rights.
32. Further, Articles 15.2.2, 15.2.4, and 15.3 of the TSA adequately protect the LTTCs' interests, ensure uninterrupted transmission service, and provide a structured process for lender enforcement in case of a default by the Petitioner. These provisions are subject to the prior approval of the Commission. Hence, no additional conditions or undertakings are required beyond what is already provided under the TSA and applicable regulations.
33. The Commission's in its Order dated 14.09.2023 in Petition No. 1970 of 2023, recognized that the TSA itself has an inbuilt mechanism to secure lenders' rights, including the provision for substitution of the TSP in case of default, with the Commission's approval and subject to applicable regulations.
34. The Petitioner has further clarified that it is not seeking any assignment of the transmission licence in the instant Petition. The relief sought is limited to the creation of a charge over the TSA and the transmission licence as a security interest, and not their transfer or assignment. Any such transfer, if required in the future under Article 15.3 of the TSA, would be made only with separate approval from the Commission.





35. The Petitioner has also agreed with the LTTCs that the project is vital to the transmission network of Uttar Pradesh and has submitted that the financial arrangements sought to be secured through the present Petition are necessary for timely execution and uninterrupted operation of the Project.
36. While the Commission, in Petition No. 1970 of 2023, did not permit assignment of transmission licence at the stage of charge creation, it did not bar the creation of security interest over the TSA or the licence. However, any enforcement resulting in substitution or transfer would need the Commission's separate approval.
37. In conclusion, the Petitioner has submitted that the present Petition is fully in line with the precedent relied upon by the Respondents and does not seek any relief outside the scope of the TSA or applicable regulatory framework.

**Hearing dated 12.06.2025**

38. Sh. Ashutosh Srivastava, Counsel appearing on behalf of Petitioner submitted that in compliance with the Commission's direction issued during the hearing dated 22.04.2025, the pleadings in the matter have now been completed. The Respondents have filed their reply, and the Petitioner has filed its rejoinder.
39. He further stated that the Respondents, in their reply, have contended that a charge cannot be created over the transmission licence and that any assignment of licence must take place strictly in accordance with Section 17 of the Electricity Act, 2003. The Petitioner is in agreement with this position. It was clarified that even under the Facility Agreements, any assignment is subject to prior approval of the Commission. Accordingly, Counsel for the Petitioner requested that the matter may now be reserved for orders.
40. Md. Altaf Mansoor, Counsel appearing on behalf of UPPCL and LTCCs, submitted that he has no objection to the reliefs sought by the Petitioner and he has filed his reply.

**Commission's View**

41. The Commission has considered the submissions made by the parties and perused the documents available on record. The Petitioner has filed the present petition under Section 17(3) of the Electricity Act, 2003 read with Regulation 4.3.1 of the UPERC (General Conditions of Transmission Licence) Regulations,



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2005 and Article 15 of the Transmission Service Agreement Dated 05.04.2024 seeking regulatory approval of the Commission for creation of charge over the assets of the 400/220 kV, 2x500 MVA GIS Substation at Metro Depot, Greater Noida and 400/220 kV, 2x500 MVA GIS Substation at Jalpura along with associated transmission lines (hereinafter referred to as the "Project"), for securing financial assistance from IndusInd Bank Limited and CSB Bank Limited (collectively referred to as "Lenders"), as per the terms of the respective Sanction Letters and Facility Agreements executed between the Petitioner and the Lenders

42. In the present case, the Petitioner entered in to facility agreement with the Lenders "IndusInd Bank Limited and a working capital loan agreement with CSB Bank Limited" vide the sanction letters dated 04.10.2024 and 21.12.2024, respectively. As per the sanctioned letters read with Facility Agreement, financial assignments of Rs. 420 Crores and 160 Crores are agreed by IndusInd Bank Limited and CSB Bank Limited respectively. Thereafter, the Petitioner approached the Commission under Section 17(3) of the Electricity Act, 2003 read with Regulation 4.3.1 of UPERC (General Conditions of Transmission Licence), 2005 and Article 15 of the Transmission Service Agreement for creating charge as prayed by the Petitioner in its Petition.
43. In order to deal with the prayers of the Petitioner, it is pertinent to deliberate upon the relevant provisions of the Electricity Act 2003, UPERC (General Conditions of Transmission Licence), 2005 and the Transmission Service Agreement in subsequent paras.
44. Sub-sections (3) and (4) of Section 17 of the Act provide as under:

*"(3) No licensee shall at any time assign his license or transfer his utility, or any part thereof, by sale, lease, exchange or otherwise without the prior approval of the Appropriate Commission.*

*(4) Any agreement, relating to any transaction specified in sub-section (1) or sub-section (3), unless made with the prior approval of the Appropriate Commission, shall be void."*

Further, Regulation 4.3.1 of UPERC Transmission License Regulations 2005 provides as under:

*"4.3.1 The Transmission Licensee shall not, without prior approval of the Commission:*

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(iii) at any time assign his license or transfer his utility, or any part thereof, by sale, lease, exchange or otherwise without the prior approval of the Commission.

*Provided that any agreement relating to any transaction specified in subsection (i) to (iii), unless made with, the prior approval of the Commission, shall be void."*

In accordance with the above provisions, a licensee is required to obtain prior approval of the Commission for assigning its license or transferring its utility or any part thereof by way of sale, lease, exchange or otherwise and also for the purposes of entering into an agreement relating to any of these transactions. Thus, any agreement relating to any transaction for assignment of license or transfer of utility, without obtaining the prior approval of the Commission shall be void.

45. In this context, Articles 15.2.1 and 15.2.2 of the TSA provides as under:

**"15.2. Permitted Charges:**

*15.2.1 Neither Party shall create or permit to subsist any encumbrance over all or any of its rights and benefits under this Agreement.*

*"15.2.2 However, the TSP may create any encumbrance over all or part of the receivables, or the Project Assets of the Project in favour of the Lenders or the Lenders' Representative on their behalf, as security for amounts payable under the Financing Agreements and any other amounts agreed by the Parties.*

*Provided that:*

*i. the Lenders or the Lenders' Representative on their behalf shall have entered into the Financing Agreements and agreed in writing to the provisions of this Agreement; and*

*ii. any encumbrance granted by the TSP in accordance with this Article 15.2.2 shall contain provisions pursuant to which the Lenders or the Lender's Representative on their behalf agrees unconditionally with the TSP to release from such encumbrances upon payment by the TSP to the Lenders of all amounts due under the Financing Agreements."*

In accordance with the provisions of Article 15.2.2, the Transmission Service Provider has been allowed to create encumbrance over all or part of the receivables, or project assets of the Project in favour of the lenders or the lender's representatives, as security for amounts payable under the Financing Agreements and any other amounts agreed by the parties.

46. Similarly, Articles 15.3 of the TSA provides as under:

**15.3 Substitution Rights of the Lenders**

*15.3.1 The TSP would need to operate and maintain the Project under the provisions of this Agreement and cannot assign the Transmission License or*



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*transfer the Project or part thereof to any person by sale, lease, exchange or otherwise, without the prior approval of the Long Term Transmission Customers.*

*15.3.2 However, in the case of default by the TSP in debt repayments or in the case of default by the TSP as per Article 13 of this Agreement during the debt repayments, the State Commission may, on an application from the Lenders, assign the Transmission License to the nominee of the Lenders subject to the fulfilment of the qualification requirements and provisions of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of Transmission License and other related matters) Regulations, 2006 and as amended from time to time."*

Therefore, in accordance with Article 15.3.2 of the TSA, in case of default in debt repayments, the lenders have to approach the Commission for assignment of license and the Commission may on such application by the lenders, assign the transmission license to the nominee of the lenders subject to the fulfilment of essential qualification requirements and other provisions under the CERC Transmission License Regulations, 2006 as amended from time to time.

47. The Commission is of the view that transmission projects are capital intensive projects requiring huge capital investment and are financed through loans. It is a normal practice followed by financial institutions/ banking industry to ask for sufficient security from the borrower to back the loan in order to mitigate the credit risk of lenders. In the instant case, Lenders, namely IndusInd Bank Limited and CSB Bank Limited, have agreed to provide the facilities to Petitioner.
48. In accordance with Article 15.2 of the TSA, the Petitioner has been allowed to create encumbrance over all or part of the receivables, project assets of the Project in favour of the lender(s) or the lender's representative, as security for amounts payable under the Financing Agreements and any other amounts agreed by the parties. Accordingly, the Commission accords in-principle approval allowing the Petitioner to create security interest over the assets in favour of the Lenders, namely IndusInd Bank Limited and CSB Bank Limited, in line to the Facility Agreements read with sanction letters executed with the Lenders.
49. This in-principle approval is being accorded with the observation that the transmission license granted by the Commission to the Petitioner and the underlying assets cannot be assigned in favour of the nominee of the lender/ Security Trustee, without prior approval of the Commission, at the time of



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creating rights in favour of such a nominee. For assignment of the license and the assets of the Petitioner to the lender/ nominee of the lender, the Commission will evaluate such a nominee's experience in the development, design, construction, operation and maintenance of transmission lines & substations, and ability to execute the Project and undertake transmission of electricity.

50. Accordingly, in case of default by the licensee in debt repayment, the Commission may, on a joint application made by the licensee, lenders and the nominee, approve the assignment of the license to a nominee of the lender subject to proper due diligence of the process as the Commission has to satisfy itself of the circumstances necessitating such transfer and also regarding the capability of the nominee to carry out the project execution and transmission related activities as spelt out in para 46. It is again stressed at the cost of repetition that specific prior approval of the Commission is always needed for assigning the license to the nominee of the lender or transferring any assets. Lastly, financial documents and statements may be filed by the Petitioner as and when required by the Commission for any specific purpose.

51. Accordingly, the Petition is disposed of.

**(Sanjay Kumar Singh)**  
**Member**



**(Arvind Kumar)**  
**Chairman**

Place: Lucknow

Dated: 03.07.2025