



**DEPUTY GENERAL MANAGER
DEPARTMENT OF DEBT AND HYBRID SECURITIES**

Ph.: +91 22 2644 9696
Email riteshn@sebi.gov.in

**HO/17/16/11(1)2025-DDHS-POD2 I/5333/2026
February 20, 2026**

Ms. Ilaa Udeshi
Compliance Officer
Sustainable Energy Infra Investment Managers Private Limited
(Investment Manager of Sustainable Energy Infra Trust)
Ground Floor, Winchester, Cowrks
Hiranandani Gardens, Powai
Mumbai – 400 076

Dear Sir,

Subject: Informal Guidance by way of an Interpretive Letter under the SEBI (Informal Guidance) Scheme, 2003 in relation to the provisions of InvIT Regulations. Reference to your letter dated November 27, 2025.

1. In the context of the subject and letter under reference, you have, *inter-alia*, represented the following:
 - 1.1. The Electricity Act, 2003 mandates State Electricity Regulatory Commissions to promote generation of electricity from renewable energy sources. Many State Governments have come out with solar and wind energy generation policies that provide incentives for setting up renewable energy projects ("RE Projects"), such as concessional wheeling and banking charges, zero cross-subsidy surcharge, and zero electricity duty.
 - 1.2. Process for awarding of renewable energy project:
 - 1.2.1. Renewable Energy Implementation Agencies ("REIAs") such as SECI, NTPC, NHPC, SJVN, etc., and power distribution companies owned by State Governments ("Nodal Agencies") are entrusted to conduct tariff-based competitive bidding ("TBCB") under guidelines issued under Electricity Act 2003. The bidding process involves issuance of Request for Selection ("RfS")



for selection of power developers for setting up the RE Projects for supply of energy. The Nodal Agencies are public parties and conduct the bidding process in pre-specified timelines.

- 1.2.2. Private companies/ firms/ companies/consortium of companies (“Bidders”) submit their bids and successful Bidders are shortlisted based on technical and financial qualification and lowest bid tariff. Successful Bidder receives the letter of award further to which the Bidder is required to comply with the condition precedent as specified in the RfS. These shortlisted Bidders are the Special Purpose Vehicles (“SPVs”) in the InvIT structure and they are private parties.
- 1.2.3. Thereafter, the SPVs sign the Power Purchase Agreement (“PPA”) with Nodal Agencies which envisages an arrangement between a government-owned entity (with a back-to-back arrangement with state-owned distribution licensees) and the SPV, a private sector entity.
- 1.2.4. The PPA is a long-term contract, typically extending for 25 years, under which the SPV undertakes to establish, own, and operate the solar generating station. The electricity produced is purchased by the Nodal Agency at a predetermined tariff discovered through the TBCB process. The PPA includes provisions governing scheduling and dispatch, billing and payment mechanisms, technical obligations, change-in-law protections, force majeure, and dispute resolution, among other commercial and operational terms.
- 1.2.5. The SPVs take up all required activities such as project development and commissioning of the project as per agreed date of supply of power to the Offtaker(s), which can be a public entity like REIA or power distribution licensee under the Electricity Act or State Government entity.
- 1.3. Sustainable Energy Infra Trust (“SEIT”) currently holds 100% equity interest (directly or indirectly) in six initial portfolio companies, which collectively hold eight solar energy projects.
- 1.4. Regulation 2(1)(zm) of the InvIT Regulations defines a PPP project to mean “an infrastructure project undertaken on a Public- Private Partnership basis between a public concessioning authority and a private SPV concessionaire selected on the basis of open competitive bidding or on the basis of an MoU with the relevant authorities”.

- 1.5. The InvIT Regulations have not defined the basis through which the Public-Private Partnership is determined. Accordingly, reference of this term may be taken from the glossary as set out by the Department of Economic affairs, MoF, GOI, (<https://www.pppinindia.gov.in/glossary>), which is as follows:

“Public Private Partnership “PPP” is a form of fixed-term contractual arrangement between a public entity on one side and a private entity on the other, for the provision of public assets and/or public services through investments being made and/or management being undertaken by the private entity, may or may not require payment of fee by users, for a specified period of time, where there is well defined allocation of risk between the private entity and the public entity and the private entity’s performance is contractually obligated to conform (or are benchmarked) to specified and pre-determined performance standards.”

- 1.6. Furthermore, you had analysed the relevance of the above definition of PPP to the renewable projects sector as under:

- 1.6.1. Fixed-term contractual arrangement between a public entity on one side and a private entity on the other – The PPA of the RE Projects are generally for a fixed term of 25 years between Offtaker(s) and a private entity in the form of a SPV which undertakes the development of the RE Projects in order to meet the required obligations under the PPA.
- 1.6.2. For the provision of public assets and/or public services – The electricity procured by the Offtaker(s) from the SPV, is ultimately consumed by the retail consumers of electricity in the respective states.
- 1.6.3. Through investments being made and/or management being undertaken by the private entity – The investments in the SPV (which has undertaken the development of the RE Project), have been made by the InvIT, a private entity; the management of the project is being undertaken by the SPV through project manager under the InvIT structure, a private entity.
- 1.6.4. May or may not require payment of fee by users, for a specified period of time – The Offtaker(s) make payments for the electricity procured from the SPVs as per tariff and tenure of the respective PPAs.
- 1.6.5. Where there is well defined allocation of risk between the private entity and the public entity – The PPAs duly provide for comprehensive terms and

conditions and allocation of risk between the private entity viz., the SPV and the public entity viz., the Offtaker(s).

1.6.6. The private entity's performance is contractually obligated to confirm (or are benchmarked) to specified and pre-determined performance standards – The SPVs are contractually obligated to supply minimum guaranteed generation from the respective RE Projects during each contract year for the term of the respective PPA failing which, the SPVs are liable to pay pre-determined contractual penalties.

Queries

2. In light of the above submissions, you have requested SEBI to issue an "Interpretive letter" under paragraph 5(ii) of the Informal Guidance Scheme, 2003, on the following:

"In view of the above mentioned background and applicable legal provisions, we request you to clarify if such renewable energy assets, which are obtained through tariff based competitive bidding or any other competitive bidding mechanism with government entities as Offtakers (as defined above), should be considered as PPP Projects."

Comments of SEBI

3. In this context, the relevant provisions of SEBI (Infrastructure Investment Trusts) Regulations, 2014 ("InvIT Regulations) are reproduced below:

"2(1)(zm) "PPP project" means an infrastructure project undertaken on a Public-Private Partnership basis between a public concessioning authority and a private SPV concessionaire selected on the basis of open competitive bidding or on the basis of an MoU with the relevant authorities;"

"2(1)(u) "infrastructure project" means any project in infrastructure sector"

"2(1)(t) "infrastructure" includes all infrastructure sub-sectors as defined vide notification of the Ministry of Finance dated October 07, 2013 and shall include any amendments or additions made thereof;"

"2(1)(k) "concessioning authority" means the public sector concessioning authority in PPP projects;"

- 3.1. Without necessarily agreeing with your analysis, you may note that a project for generation and supply of renewal energy, as described in paragraphs 1.2 and 1.6, awarded by a public sector entity / government entity to a SPV of an InvIT, which is selected on the basis of open competitive bidding or on the basis of an MoU with the public sector entity / government entity, is considered as a PPP project under Regulation 2(1)(zm) of the InvIT Regulations.
- 3.2. It may be noted that 'Electricity Generation', 'Electricity Transmission' and 'Electricity Distribution' are covered under S.No. 2 in the list of infrastructure sub-sectors in the Updated Harmonized Master List of infrastructure sub-sectors notified by Ministry of Finance on September 19, 2025. Accordingly, a project for renewable energy generation is covered under the term 'infrastructure' and hence 'infrastructure project' in terms of Regulation 2(1)(t) and Regulation 2(1)(u) of the InvIT Regulations respectively.
- 3.3. As per your submission, the Nodal Agencies awarding the renewable energy project are public sector undertakings and the project awardee is a SPV under the InvIT (i.e. a private entity). You have further stated that the PPA *inter-alia* specifies allocation of risk between the SPV and the Nodal Agency.
- 3.4. On that basis, it can be stated that such renewable energy project is undertaken on a PPP basis between a public concessioning authority, viz. the Nodal Agency, and a private SPV concessionaire, viz. SPV held under the InvIT.
- 3.5. Since you have submitted that the project awardee is selected on the basis of tariff-based competitive bidding process, it meets the requirement stated in Regulation 2(1)(zm) of the InvIT Regulations that private SPV concessionaire should be selected on the basis of open competitive bidding or on the basis of an MoU with the relevant authorities.
- 3.6. Since, the InvIT Regulations are self-contained pertaining to PPP Projects, the PPP Projects would be required to conform to the requirements of InvIT Regulations.
4. Vide your aforesaid letter, you have requested for confidentiality in respect of your application. Accordingly, it has been decided that the interpretive letter issued to you in this matter will not be made public for a period of 90 days from the date of issuance of this letter.



5. This letter has been issued with the approval of the competent authority and the guidance is based on the representation made in your Application. Different facts or conditions would require a different result. This letter does not express the decision of the Board on the questions presented and does not preclude you from taking any other opinion, as deemed appropriate.
6. You may also note that the above position/view is expressed only with respect to the clarifications sought in your letter under reference with respect to the SEBI (Infrastructure Investment Trusts) Regulations, 2014 and circular issued thereunder as referred above and does not affect the applicability of any other law or requirements of any other SEBI Regulations, Guidelines and Circulars administered by SEBI or the laws administered by any other authority.

Yours faithfully

Ritesh Nandwani

