BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION
GANDHINAGAR

IA No. 22 of 2026 in Petition No. 2571 of 2025.

In the matter of:

Application on behalf of the Respondent, GUVNL seeking to extend the validity of the performance bank guarantee and early hearing of the Petition.

Applicant	:	Gujarat Urja Vikas Nigam Limited (Respondent in Main Petition)
Represented By	:	Ld. Adv. Mr. Aneesh Bajaj with Mr. M.K. Jani and Mr. Rahul Pareek.
		V/s.
Respondent	:	M/s WYN Renewables Private Limited (Petitioner in Main Petition)
Represented by	:	Ld. Adv. Ms. Kajal Kakani and Mr. Kunal Gauba.

CORAM:

Pankaj Joshi, Chairman
Jatin N. Thakkar, Member

Date: 15/05/2026.

ORDER

1. The present matter was kept for hearing on 15.05.2026.

2. The Applicant GUVNL (Respondent in main matter) has filed the present Interlocutory Application No. 22 of 2026 in Petition No. 2657 of 2026 under Section 94(2) of the Electricity Act, 2003 read with Regulations 61 and 80 of the GERC (Conduct of Business) Regulations, 2004, *inter-alia* seeking following prayers:

(a) *Allow the present Interlocutory Application and direct the Original Petitioner M/s WYN Renewables Private Limited to immediately extend the validity of the Performance Bank Guarantee(s) furnished under the PPA dated 10.05.2023 till the final disposal of Petition No. 2571 of 2025 and pending full capacity commissioning for the Project.*

(b) *In the alternate hold that GUVNL is entitled to encash the PBG for compensation amount under the PPA as per article 10.3.1(a).*

(c) *Direct that the present petition be listed for hearing on any early subject to the convenience of the Hon'ble Commission*

3. Ld. Adv. Mr. Aneesh Bajaj, appearing on behalf of the Applicant GUVNL, submitted that the present Petition was heard by the Commission on 09.04.2026 and the Commission passed the Daily Order dated 15.04.2026, directing the GUVNL not to take any coercive steps with respect to termination of the Power Purchase Agreement (PPA) dated 10.05.2023 till the next date of hearing. However, the Commission did not restrain the GUVNL for encashment of the Performance Bank Guarantee (PBG) and recorded the statement of the Petitioner therein that it would deposit an equivalent amount by 10.04.2026 in lieu of encashment of PBG, which was duly deposited by M/s WYN Renewables Private Limited and therefore, the GUVNL has not proceeded with encashment of the PBG.

3.1. It is submitted that GUVNL has constrained to prefer this IA seeking directions against M/s WYN Renewables Private Limited to extend the validity of PBG as the claim period of the existing PBG furnished by M/s WYN Renewables Private Limited is expiring on 17.05.2026. Since the matter is pending adjudication before the Commission and in view of the interim protection granted by the Commission against termination of the Power Purchase Agreement (PPA), it is necessary to keep the PBG alive as the GUVNL is entitled for recovery of termination compensation in

terms of provisions of the PPA executed between the parties in case the PPA is terminated on account of power producer's default. If the validity of PBG is not extended, GUVNL shall have no remedy but to encash the PBG as, in the absence of valid PBG in place, GUVNL will have no alternative means to recover the termination compensation from M/s WYN Renewables Private Limited, in case the PPA is terminated on account of power producer's default. Accordingly, he requested the Commission to direct M/s WYN Renewables Private Limited to extend the PBG during the pendency of the present matter before the Commission and in case, M/s WYN Renewables Private Limited fails to extend the validity of PBG, GUVNL may be permitted to encash the PBG so as to protect the interest of the GUVNL.

4. Ld. Adv. Ms. Kajal Kakani, appearing on behalf of M/s WYN Renewables Private Limited, submitted that the Petitioner in Original Petition is ready to extend the validity of the PBG and the same is already conveyed to GUVNL vide email dated 13.05.2026 confirming that the validity of PBG will be extended by M/s WYN Renewables Private Limited in due course. She further submitted that although M/s WYN Renewables Private Limited has instructed the issuance Bank for extension of validity of PBG, the Bank is taking the time to process the request of M/s WYN Renewables Private Limited. She submitted that since there is ongoing communications with the issuing Bank and last date of validity of PBG , i.e., 17.05.2026 is coming on Sunday, it is apprehended that the deadline for extension of validity by 17.05.2026 may not be achieved even after making all the efforts to provide the extended PBG by 17.05.2026 by M/s WYN Renewables Pvt. Limited.

4.1. She further submitted that it will not be fair on the part of GUVNL to encash the PBG in case the PBG is not extended by 17.05.2026 as M/s WYN Renewables Private Limited has already deposited the requisite amount of LD during the pendency of the present Petition and no

prejudice will be caused to GUVNL. She submitted that the issue of levy of termination compensation etc. as contended by GUVNL cannot be linked with PBG as the present matter is yet to be decided finally by the Commission and at present, there is no eventualities occurred for termination of PPA by GUVNL with consideration that the interim protection is granted by the Commission against the termination of the PPA during the pendency of present Petition. She also requested that GUVNL may be directed to file its reply in the main matter and M/s WYN Renewables Private Limited may also be permitted to file its rejoinder reply within three weeks.

5. In response to the above contentions of M/s WYN Renewables Private Limited, the counsel appearing on behalf of GUVNL has fairly admitted that GUVNL is in receipt of email dated 13.05.2026 confirming to extend the validity of the PBG. However, in case M/s WYN Renewables Private Limited fails to take timely actions in extending the PBG by 17.05.2026, the rights of GUVNL need to be protected by allowing the encashment of PBG. He further submitted that GUVNL may be allowed to file its reply within six weeks in the main matter.

6. Heard the parties. We note that the present Interlocutory Application No. 22 of 2026 in Petition No. 2657 of 2026 is filed by the Applicant GUVNL (Respondent in main matter), under Section 94(2) of the Electricity Act, 2003 read with Regulations 61 and 80 of the GERC (Conduct of Business) Regulations, 2004, seeking limited directions to M/s WYN Renewables Private Limited (Petitioner in main matter) for extension of the validity of the Performance Bank Guarantee (PBG) furnished by it under the PPA dated 10.05.2023 till final disposal of the Petition and commissioning of the Project, or in the alternative, to permit encashment of the PBG in terms of Article 10.3.1(a) of the PPA, along with early listing of the matter.

6.1. We further note that the main Petition was heard on 09.04.2026 and the Commission vide Order dated 15.04.2026 decided interim relief to the Petitioner therein, by directing GUVNL not to take coercive steps regarding termination of the PPA till the next date of hearing. However, in the said Order, the Commission has specifically restrained to pass any directions with regard to encashment of PBG with consideration that the PBG is independent contract between the issuing Bank and the beneficiary of PBG and in normal course, the Court restrains from granting injunctions or restraining realization of bank guarantees and also recorded that the Petitioner M/s WYN Renewables has undertaken to deposit an equivalent amount with GUVNL in lieu of encashment of PBG. We also note that the claim period of the PBG is expiring on 17.05.2026 and according to the GUVNL, continuation of the PBG is necessary to safeguard its contractual security during pendency of the proceedings, particularly when the Petitioner therein is seeking extension of SCOD on Force Majeure grounds which is under adjudication by the Commission. It is contended that lapse of the PBG would cause serious prejudice to interest of GUVNL and also render the security illusory, whereas no prejudice would be caused to M/s WYN Renewables, if directed to extend the same; failing which, GUVNL may compel to invoke the PBG.

6.2. In the present matter, we deem it appropriate to reiterate that while the PPA provides for the conditions under which the Performance Bank Guarantee can be encashed, it must also be borne in mind that a bank guarantee is an independent and distinct contract between the bank and the beneficiary, and is not qualified by the underlying transaction or the validity of the primary contract between the parties. The dispute between the beneficiary and the party at whose instance the bank has issued the guarantee is immaterial. Ordinarily, the Court should not interfere with invocation or encashment of a bank guarantee so long as the invocation is in terms of the guarantee. Since a bank guarantee is independent and

absolute in nature, the existence of any dispute between the parties to the underlying contract is not a ground for restraining its enforcement.

6.3. Furthermore, invocation of a bank guarantee does not depend on termination of the underlying contract. The bank guarantee is a separate contract and is not qualified by performance obligations under the main contract. Whether the action of the beneficiary is legal or proper, or whether the guarantee could have been invoked, are not matters for inquiry at this stage. Upon receipt of a written demand, the bank is bound to honour the guarantee.

6.4. Also, if the bank guarantee furnished is unconditional and irrevocable, the bank cannot raise any objection to payment. The beneficiary cannot be restrained by way of injunction from enforcing such guarantee on the ground that conditions under the underlying agreement have not been fulfilled. With this consideration, the Commission is of the view that GUVNL cannot be prevented enforcement merely due to existence of disputes, except in exceptional circumstances.

6.5. It is settled position of law that courts should be slow in granting injunctions restraining realization of bank guarantees, and only extremely limited exceptions are recognized. In the present case, M/s WYN Renewables Pvt. Limited has not established any fraud on part of GUVNL or special equities warranting such restraint. In the facts and circumstances of the present case, we are not inclined to pass any directions to either parties in the subject matter of present IA at this stage, except making it clear that encashment of the bank guarantee, if any, by GUVNL shall be subject to the final outcome of the Petition pending before the Commission.

6.6. Since the Commission is seized of the present matter, in the interest of justice and in good conscience, we deem it appropriate to continue with earlier directions of Daily Order dated 15.04.2026 to the GUVNL not to

take any coercive action, i.e., termination of the PPA against M/s WYN Renewables Pvt. Limited in regard to termination of the PPA till the next date of hearing.

6.7. As GUVNL has sought time to file its reply in the matter, let it be filed within six weeks from the date of this Order invariably with a copy to M/s WYN Renewables Pvt. Limited. M/s WYN Renewables Pvt. Limited shall file its rejoinder reply, if any, within three weeks from the date of receipt of reply from GUVNL invariably, with a copy to them.

7. With this Order, the present IA No. 22 of 2026 in Petition No. 2571 of 2025 stands disposed of.

8. Next date of hearing in the main matter will be intimated separately.

9. Order accordingly

Sd/-
[Jatin N. Thakkar]
Member

Sd/-
[Pankaj Joshi]
Chairman

Place: Gandhinagar.
Date: 15/05/2026.