

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 529/MP/2020

Subject : Petition under Section 79(1)(c) of the Electricity Act, 2003 and Regulation 33A of the Central Electricity Regulatory Commission (Grant of Connectivity, Long-Term Access and Medium-Term Open Access in inter-State Transmission System and related matters) Regulations, 2009 seeking relaxation of Regulation 8A of the said Regulations to remove the hardship being faced by Srijan Energy System Private Limited in transferring Stage-II connectivity and Long-Term Open Access granted to it by way of Stage-II connectivity intimation bearing No. C/CTU/ConSt.-II/WR/1200000312 dated 14.6.2018 and LTA intimation bearing No. C/CTU/W/07/LTA/1200002251 dated 29.11.2019 respectively by PGCIL.

Date of Hearing : 6.8.2020

Coram : Shri P. K. Pujari, Chairperson
Shri I. S. Jha, Member
Shri Arun Goyal, Member

Petitioner : 1. Srijan Energy System Private Limited (SESPL)
2. Continuum Power Trading (TN) Private Limited (CTN)

Respondent : Power Grid Corporation of India Limited (PGCIL) and Anr.

Parties present : Shri Sanjay Sen, Sr. Advocate, SESPL and CTN
Shri Mazag Andrabi, Advocate, SESPL and CTN
Shri Ujjwal Surana, SESPL and CTN

Record of Proceedings

The matter was heard through video conferencing.

2. Learned senior counsel for the Petitioners submitted the instant Petition has been filed for seeking relaxation of Regulation 8A of the Central Electricity Regulatory Commission (Grant of Connectivity, Long-Term Access and Medium-Term Open Access in inter-State Transmission System and related matters) Regulations, 2009 (in short, 'the Connectivity Regulations') to remove difficulty being faced by Srijan Energy System Private Limited (SESPL) in transferring Stage-II connectivity and Long-Term Access (LTA) granted to it by PGCIL to its former 100% subsidiary and now sister company, Continuum Power Trading (TN) Private Limited (CTN), which is now wholly and directly controlled by SESPL's ultimate parent company, Continuum Wind Energy



Limited, Singapore (CWEL). Learned senior counsel for the Petitioners further submitted as under:

(a) SESPL, intending to set-up a 300 MW Wind farm in the State of Gujarat, has obtained State-II connectivity from PGCIL to inter-State Transmission System at Bhuj Pooling Station in its name. In addition, SESPL has also obtained LTA in its name for the purpose of evacuation of power generated from the Wind farm.

(b) SESPL participated in the competitive bid process conducted by Solar Energy Corporation of India Limited (SECI) for setting-up of 2000 MW ISTS connected Wind Power Projects and emerged as successful bidder therein. Consequently, SESPL has been issued Letter of Award (LoA) for development of 250 MW capacity. In the said bid process, SESPL had used the net worth of CWEL, its ultimate parent company, in the capacity of an affiliate to qualify under the financial eligibility criteria.

(c) Pursuant to award of LoA, SESPL through its wholly owned subsidiary, CTN entered into a Power Purchase Agreement with SECI on 4.9.2018. In terms of the said PPA, CTN has successfully managed to reach advance stage of financial closure of the Project. However, the lenders brought up certain concerns regarding the financial strength of its immediate parent company i.e. SESPL and the parent company of SESPL, i.e. Continuum Wind Energy (India) Private Limited (CWEIPL). However, since CWEL, the ultimate parent company, was debt free company, the lenders were more comfortable in providing financing if CTN was directly owned by CWEL rather than CWEIPL through SESPL.

(d) Accordingly, SESPL vide its letter dated 14.3.2020 requested SECI to allow transfer of direct control of CTN from SESPL, parent company to CWEL, the ultimate parent company, which was allowed by SECI. Consequently, SESPL is no longer the parent company of CTN and the said status is now assumed by CWEL, which was in any case the ultimate parent company of CTN.

(e) However, with regard to connectivity and LTA, Regulation 8A of the Connectivity Regulations allows 100% subsidiary companies to transfer their connectivity and LTA to the parent company and vice versa one year after achieving the commercial operation of the renewable generating station. However, till such transfer, the subsidiary companies are allowed to utilise the connectivity and LTA granted to the parent company and vice versa.

(f) In the present case, had the change in the ownership of CTN not been effected on basis of the concerns of the lenders, the connectivity and LTA granted to SESPL would have been automatically utilised by CTN, its former 100% subsidiary, without any hurdles. However, in view of the change in ownership of CTN from SESPL to the ultimate parent company, CWEL, as per Regulation 8A of the Connectivity Regulations, the Petitioners are restricted from doing so.



(g) The above restriction was put in place to (i) eliminate the practice of trading of connectivity by connectivity grantees for earning a premium, (ii) ensure there is no 'renting' of net worth for the purpose of qualifying for the bid, and (ii) ensure that the entity on the basis of whose technical/financial net worth the bid has been won remains committed to the Project.

(h) In the present case, change in ownership of CTN is in consonance with the aforesaid objectives of the restriction. The Petitioners are not indulging in any trading of connectivity. Also, the ownership has been assumed by the ultimate parent company, CWEL, whose net worth was relied upon for the purpose of qualifying for the bid, which will ensure that CWEL remains committed to the project until it stabilizes.

3. After hearing the learned senior counsel for the Petitioners, the Commission reserved the order in the Petition.

By order of the Commission

**Sd/-
(T.D. Pant)
Deputy Chief (Law)**

