



COMMENTS ON DRAFT DETAILED PROCEDURE FOR “GRANT OF CONNECTIVITY TO PROJECTS BASED ON RENEWABLE SOURCES TO INTER-STATE TRANSMISSION SYSTEM			
Regulation	Original Regulation/Clause	Proposed Change in the draft dated 24th July 2020 vide notification No. L-1/(3)/2009-CERC	Comments
5.2.1	<p>Utilisation of Connectivity granted to the Parent Company by its Subsidiary company (ies)</p> <p>The Connectivity granted to a company may be utilised by its wholly owned (100%) subsidiary company(ies) including SPVs. In such cases, the parent company cannot sell its shareholding in the subsidiary company (ies) before the lock-in period of one year after the commencement of supply of power from such subsidiary.</p> <p>In case of more than one wholly owned (100%) subsidiary of the same company, the lock-in period of one year shall apply from commencement of supply of power from the last such subsidiary. An illustration is given below:</p> <p>“A company is granted Connectivity for 1000 MW and it wins a bid for 250 MW. It forms five wholly owned (100%) subsidiaries of 50 MW each. In such a case lock-in period shall be 1 year from commencement of supply from</p>	<p>Utilisation of Connectivity granted to the Parent Company by its Subsidiary company (ies) and Transfer of Connectivity</p> <p>The Connectivity granted to a company may be utilised by its wholly owned (100%) subsidiary company(ies) including SPVs. In such cases, the parent company cannot sell its shareholding in the subsidiary company (ies) before the lock-in period of one year after the commencement of supply of power from such subsidiary.</p> <p>In case of more than one wholly owned (100%) subsidiary of the same company, the lock-in period of one year shall apply from commencement of supply of power from the last such subsidiary. An illustration is given below:</p> <p>“A company is granted Connectivity for 1000 MW and it wins a bid for 250 MW. It forms five wholly owned (100%) subsidiaries of 50 MW each. In such a case lock-in period shall be 1 year from commencement of supply from last subsidiary (i.e. subsidiary which is commissioned last) out of this 250 MW.”</p>	<p>We appreciate Hon’ble Commission proposed changes which is being done to bring in consistency between the detailed procedure and 7th Amendment of (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) Regulations, 2009 (“referred as Connectivity Regulation 7th Amendment”).</p> <p>However, it is noteworthy to bring to the attention of Hon’ble Commission that even if both are aligned, the Connectivity Regulation 7th Amendment and Detailed Procedure would not cover scenarios which can arise out of provisions relating to SECI RFS. The Developers are availing Connectivity and LTA pursuant to being successful in the SECI Bid and therefore are governed by certain provision of SECI RFS which would continue to remain inconsistent with the Connectivity Regulation 7th Amendment. The following cases would give clarity</p> <ol style="list-style-type: none"> 1. SECI allows the transfer of 100% controlling shareholding of SPV held by its Parent on case to case basis prior to 1 year of COD for expeditious financing of the project keeping in mind the RFS provision. <p>One such instances is if SECI allows the transfer of the 100% controlling shareholding of the SPV to its</p>



	<p>last subsidiary (i.e. subsidiary which is commissioned last) out of this 250 MW.”</p>	<p>The utilisation and transfer of Connectivity shall be governed in accordance with Clause 8A of the Connectivity Regulations.</p>	<p>Ultimate Parent on the premise that SPV remains within the same Promoter Group and “Control” at the time of execution of the PPA shall remain the same until 1 year of COD. However, the purpose of such transfer gets defeated since Connectivity Regulation 7th Amendment prohibits the transfer of Connectivity and LTA from the Parent to Subsidiary/SPV until 1 year of COD.</p> <p>2. Another case is if SECI allows the transfer of controlling shareholding of SPV developing the project upto 51% of the ownership prior to 1 year of COD on the premise that the majority shareholding remains with Parent. However, Connectivity Regulation 7th Amendment states that 100% of ownership of the SPV/Subsidiary shall be retained by Parent prior to 1 year of COD and only then utilisation of the Connectivity and LTA shall be allowed. This inconsistency defeats the complete purpose which has been allowed to a Developer for developing a project under SECI RFS.</p> <p>Considering above scenarios, we therefore request Hon’ble Commission to consider additional provision for utilisation and transfer of Connectivity and LTA</p> <p><i>The utilisation and transfer of Connectivity shall be permitted in the following cases:</i></p> <ol style="list-style-type: none"> <i>1. in accordance with Clause 8A of the Connectivity Regulations; or;</i> <i>2. to the wind power developer (WPD) identified by the Bidder in the relevant Power Purchase Agreement executed with any of the</i>
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			<p><i>Government agencies which have invited competitive bids for the respective projects; or;</i></p> <p>3. <i>to an entity which is an Affiliate of the Grantee wherein an “Affiliate” shall mean a person who is controlled by/or controls or under common control, with such person. “Control” shall mean, ownership of, directly or indirectly, at least 51% of the voting shares of such person</i></p> <p><i>The utilisation and transfer of LTA shall be permitted in the following cases:</i></p> <p>1. <i>in accordance with Clause 8A of the Connectivity Regulations; or;</i></p> <p>2. <i>to the wind power developer (WPD) identified by the Bidder in the relevant Power Purchase Agreement executed with any of the Government agencies which have invited competitive bids for the respective projects; or;</i></p> <p>3. <i>to an entity which is an Affiliate of the Awardee wherein an “Affiliate” shall mean a person who is controlled by/or controls or under common control, with such person. “Control” shall mean, ownership of, directly or indirectly, at least 51% of the voting shares of such person</i></p>
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<p>9.2.1</p>	<p>An entity which has been selected through the tariff based competitive bidding carried out by the agency designated by the Central Government or the State Government for development of renewable generation projects including hybrid projects and is either a grantee of Stage-I connectivity or has applied for Stage-I and Stage-II Connectivity simultaneously. Such entity shall be required to submit letter of award issued by designated agency for development of the renewable generation project including hybrid projects.</p>	<p>An entity which has been selected through the tariff based competitive bidding carried out by the agency designated by the Central Government or the State Government for development of renewable generation projects including hybrid projects and is either a grantee of Stage-I connectivity or has applied for Stage-I and Stage-II Connectivity simultaneously. Such entity shall be required to submit letter of award issued by designated agency for development of the renewable generation project including hybrid projects.</p> <p>An entity which has been issued the Letter of Award by, or has entered into a Power Purchase Agreement (PPA) with, a Renewable Energy Implementing Agency or a distribution licensee consequent to tariff based competitive bidding, on submission of such Letter of Award or PPA, as the case may be:</p> <p>Provided that,</p> <p>(a) Such entity is a grantee of Stage-I connectivity or has applied for Stage-I Connectivity or has applied for Stage-I Connectivity and Stage-II Connectivity simultaneously.</p> <p>(b) An entity implementing the Renewable Hybrid Generating Station(s) including Round the Clock Hybrid Project, shall be eligible to apply for separate Stage-II</p>	<p>This is welcome step for Hybrid Projects.</p> <p>However, the Hybrid Scheme with projects at multiple locations will have to apply for Stage II Connectivity under Clause 9.2.1, for the capacity of the project not exceeding the quantum of LOA (500 MW in the instant case) at each location on the basis of same LOA. In this regards we would like to submit that the application fees for Stage I and II connectivity shall not be charged location wise. Instead of that Applicant has to be allowed to submit connectivity fees BG for one location as there is only one LoA for the Hybrid Project.</p> <p>Further this is also a welcome step by Hon'ble Commission to allow PPA as a valid document basis which the Connectivity can be obtained by an Applicant or Successful Bidder.</p>
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Connectivity for each location based on the same LOA or PPA, for the capacity of the project not exceeding the quantum of power for which LOA has been awarded or PPA has been signed. For this purpose, the locations and capacity at each such location, duly certified by the Renewable Energy Implementing Agency or the distribution licensee, as the case may be, shall be submitted along with the Connectivity applications.

Illustration:-

a) Suppose a bidder is awarded LOA for 500 MW to supply round the clock and it has Renewable hybrid generation project with installed capacity of 500 MW Wind, 500 MW Solar and 200 MW storage at single location (for injection at same interconnection point). Such project shall be eligible for Stage II Connectivity under Clause 9.2.1, for the capacity of the project not exceeding the quantum of LOA (500 MW in the instant case). If the said project intends to sell surplus power over and above LOA, it shall be required to apply for additional Connectivity under Clause 9.2.2.

b) Suppose a bidder is awarded LOA for 500 MW under Round the Clock Hybrid Scheme with projects at multiple locations - 500 MW(Solar) in State „A“ and 700 MW(Wind) in State „B“. Such project shall



		be eligible for Stage II Connectivity under Clause 9.2.1, for the capacity of the project not exceeding the quantum of LOA (500 MW in the instant case) at each location on the basis of same LOA. If the said project intends to sell surplus power over and above the quantum for which Stage-II Connectivity has been granted under Clause 9.2.1, it shall be required to apply for additional Connectivity under Clause 9.2.2.													
9.3.3	In the event of failure to achieve above milestones as listed in Clause 9.3.1 or Clause 9.3.2 above, as applicable, Stage-II connectivity shall be revoked by the CTU under intimation to the grantee.	In the event of failure to achieve above milestones as listed in Clause 9.3.1 or Clause 9.3.2 above, as applicable, Stage-II connectivity shall be revoked by the CTU under intimation to the grantee and Conn-BG1 and Conn-BG2 shall be encashed by CTU in accordance with the provisions under Para 10.10 (b) of this Procedure.	We request Hon'ble Commission to consider waiving this provision in case the milestones are not met due <ol style="list-style-type: none"> 1. a delay in the execution of the ISTS network 2. force majeure 3. extension in SCOD deadlines permitted by a government agency which invited any competitive bid for the relevant portion. 												
10.10	Conn-BG shall be issued by a scheduled bank in favour of "Power Grid Corporation of India Ltd", as per the format given at FORMAT RCON-BG, for the amount indicated below (as applicable): <table border="1" data-bbox="331 1078 831 1365"> <thead> <tr> <th>Connectivity Quantum sought</th> <th>Conn-BG</th> </tr> </thead> <tbody> <tr> <td>Upto 80 MW (only in case of connectivity in NER)</td> <td>Rs. 1,00,00,000 (Rs. One Crore)</td> </tr> <tr> <td>Upto 300MW</td> <td>Rs. 5,00,00,000 (Rs. Five Crore)</td> </tr> </tbody> </table>	Connectivity Quantum sought	Conn-BG	Upto 80 MW (only in case of connectivity in NER)	Rs. 1,00,00,000 (Rs. One Crore)	Upto 300MW	Rs. 5,00,00,000 (Rs. Five Crore)	Conn-BG1 and Conn-BG2 shall be issued by a scheduled bank in favour of "Power Grid Corporation of India Ltd", as per the format given at FORMAT RCON-BG, for the amount as detailed below: (as applicable) <table border="1" data-bbox="856 1078 1356 1365"> <thead> <tr> <th>Connectivity Quantum sought</th> <th>Conn-BG</th> </tr> </thead> <tbody> <tr> <td>Upto 80 MW (only in case of connectivity in NER)</td> <td>Rs. 1,00,00,000 (Rs. One Crore)</td> </tr> <tr> <td>Upto 300MW</td> <td>Rs. 5,00,00,000 (Rs. Five Crore)</td> </tr> </tbody> </table>	Connectivity Quantum sought	Conn-BG	Upto 80 MW (only in case of connectivity in NER)	Rs. 1,00,00,000 (Rs. One Crore)	Upto 300MW	Rs. 5,00,00,000 (Rs. Five Crore)	As per the proposed clause Applicant needs to furnish two BG instead of one BG as per the existing procedure. Hence in this regard we would like to submit that Applicant may be allowed to submit only one BG which is Conn-BG-2 and the same shall be capped to Rs. 5 Crore. Further, we request Hon'ble Commission to consider not revoking the Conn-BG 2 and Conn-BG 1 if in case the dedicated transmission line(s) and/or pooling sub-station(s) are not completed due <ol style="list-style-type: none"> 1. a delay in the execution of the ISTS network 2. force majeure
Connectivity Quantum sought	Conn-BG														
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	<p>For every incremental 300 MW Rs. 5,00,00,000 (Rs. Five Crore)</p>	<p>For every incremental 300 MW Rs. 5,00,00,000 (Rs. Five Crore)</p>	<p>3. extension in SCOD deadlines permitted by a government agency which invited any competitive bid for the relevant portion.</p> <p>Hon'ble Commission may carve out appropriate Force Majeure provision so that it is not very wide clause which can be misused.</p> <p>Further the In the event of delay in operationalisation of LTA for projects which are eligible for waiver of ISTS charges for a period of 25 years, the encashment of BG should be for an amount equal to the present value of the charges for the period of delay counted at the end of the 25 years period.</p>															
	<p>Examples:</p> <p>(a) For 1850 MW, applicable Conn BG shall be Rs. Thirty-five Crore.</p> <p>(b) For 400 MW, applicable Conn BG shall be Rs. Ten Crore.</p>	<p>Examples:</p> <p>(a) For 1850 MW, applicable Conn BG shall be Rs. Thirty five Crore.</p> <p>(b) For 400 MW, applicable Conn BG shall be Rs. Ten Crore.</p> <p>(a) Conn-BG1 and Conn-BG2 shall be furnished by the applicants as detailed below:</p> <table border="1" data-bbox="856 792 1360 1179"> <thead> <tr> <th>Bay Allocated</th> <th>Conn-BG1</th> <th>Conn-BG2</th> <th>Additional Conn-BG2 for Each Additional Bay</th> </tr> </thead> <tbody> <tr> <td>132kV</td> <td>Rs. 50 Lakh</td> <td>Rs. 3 Crore.</td> <td>Rs. 3 Crore.</td> </tr> <tr> <td>220/230kV</td> <td>Rs. 50 Lakh</td> <td>Rs. 3 Crore.</td> <td>Rs. 3 Crore.</td> </tr> <tr> <td>400kV</td> <td>Rs. 50 Lakh</td> <td>Rs. 6 Crore.</td> <td>Rs. 6 Crore.</td> </tr> </tbody> </table> <p>Provided that Conn-BG 2 shall not be payable if the grantee constructs the bay by itself or is granted a bay which is already allocated to other applicant(s);</p>	Bay Allocated	Conn-BG1	Conn-BG2	Additional Conn-BG2 for Each Additional Bay	132kV	Rs. 50 Lakh	Rs. 3 Crore.	Rs. 3 Crore.	220/230kV	Rs. 50 Lakh	Rs. 3 Crore.	Rs. 3 Crore.	400kV	Rs. 50 Lakh	Rs. 6 Crore.	Rs. 6 Crore.
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400kV	Rs. 50 Lakh	Rs. 6 Crore.	Rs. 6 Crore.															



		<p>(b) In case Stage-II Connectivity is revoked in accordance with Clause 9.3.3 or Clause 11.2. of this Procedure, Conn-BG1 and Conn-BG2 shall be encashed.</p> <p>Provided that Conn-BG2 shall be returned to the grantee if at the time of revocation of Stage-II Connectivity, the concerned transmission licensee has not awarded the package for construction of bay(s) in connection with Stage-II Connectivity.</p> <p>(c) The proceeds of such encashed Conn BG1 and Conn-BG2 shall be adjusted in Monthly Transmission charges under CERC (Sharing of inter-state transmission charges and losses) Regulations, 2010.</p>	
<p>11.2</p>	<p>The Stage-II Connectivity grantees shall be required to complete the dedicated transmission line(s) and pooling sub-station(s) within 24 months from the date of intimation of bay allocation at existing or new / under-construction ISTS sub-station. If the grantee fails to complete the dedicated transmission line within the stipulated period, the Conn-BG of the grantee shall be encashed, and Stage-II connectivity shall be revoked. The payment received in terms of these provisions shall be adjusted in the POC pool.</p>	<p>(A) The Stage-II Connectivity grantees shall be required to complete the dedicated transmission line(s) and pooling sub-station(s) within 24 months from the date of intimation of bay allocation at existing or new / under-construction ISTS sub-station. If the grantee fails to complete the dedicated transmission line within the stipulated period, the Conn BG of the grantee shall be encashed, and Stage-II connectivity shall be revoked. The payment received in terms of these provisions shall be adjusted in the POC pool. on or before:</p> <p>(a) the scheduled date of commercial operation of the generation project, for cases covered under Clause 9.2.1, as</p>	



		<p>intimated at the time of making application for grant of Stage-II Connectivity or as extended by the Renewable Energy Implementing Agency or the distribution licensee, as the case may be.</p> <p>(b) six months after the scheduled date of commercial operation as intimated at time of making application for grant of Stage-II Connectivity, for cases covered under Clause 9.2.2.</p> <p>(B) If a grantee fails to complete the dedicated transmission line(s)and/or pooling sub-station(s) within the timeline stipulated under sub-Clause (A) above, Stage-II Connectivity shall be revoked and Conn-BG1 and Conn-BG2 shall be encashed, as per provisions of Clause 10.10.</p> <p>(C) In case of applicants which have been granted Stage-II Connectivity under Clause 9.2.2but are subsequently covered under Clause 9.3.1, the last date for completion of dedicated transmission line(s) and pooling sub-station(s) shall be the SCOD of the project or as extended by the bidding agency.</p>	<p>We request Hon'ble Commission to consider not revoking the CONN BG 1 and CONN BG2 in case the milestones are not met due to</p> <ol style="list-style-type: none"> 1. a delay in the execution of the ISTS network 2. force majeure 3. extension in SCOD deadlines permitted by a government agency which invited any competitive bid for the relevant portion.
<p>11.4</p>	<p>No such Regulation 11.4 in Original Regulations</p>	<p>On a specific request of Connectivity grantee(s) and for the purpose of optimal utilisation of transmission infrastructure, CTU may, after consultation with the</p>	

CONTINUUM



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(Formerly Known as Surajbari Windfarm Development Private Limited)

		Connectivity grantee(s) concerned, carry out rearrangement or shifting of the Connectivity across different bay(s) of the same substation.	This is welcome step as Connectivity Grantee need not required to apply for fresh connectivity in case of rearrangement or shifting of bays.
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