

Date: 16.08.2020

To,
The Secretary,
Central Electricity Regulatory Commission (CERC),
3rd & 4th Floor, Chanderlok Building, 36,
Janpath, New Delhi – 110001

Sub: Draft of Detailed Procedure for “Grant of Connectivity to Projects Based on Renewable Sources to Inter-State Transmission System

Reference:

1. Central Electricity Regulatory Commission (“CERC”) public notice bearing no. No. L-1/(3)/2009-CERC, dated 24.07.2020, seeking comments/suggestions on RE Connectivity procedure.

Dear Sir

We wish to introduce ReNew Power Private Limited (“ReNew”) which is among top and fastest growing renewable IPPs in the country. ReNew is in the business of setting up wind, solar and roof-top power plants and has more than 8,000 MW of operational and under construction wind and solar projects spread over multiple states. ReNew has 1.4 Billion USD investment by marquee equity investors - Goldman Sachs, Abu Dhabi Investment Authority, JERA, Canadian Pension Plan Investment Board and Global Environment Fund that makes us the best capitalized renewable IPP in India.

This is with reference to the public notice referred above as reference item no. 1 vide which this Hon’ble Commission has invited comments/suggestions from various stakeholders.

Accordingly, we are hereby enclosing comments and suggestions on the captioned amendment as Annexure I. We believe this is a very important step taken by the Hon’ble Commission to resolve the connectivity challenges such as grant of connectivity at multiple locations being faced by new bid constructs such as the Hybrid and RTC Power. These constructs assist in improving the grid level variability of RE power and help in more and more grid integration of renewables.

We request the Honourable Commission to kindly consider the same while finalizing the Draft Amendment to the RE Connectivity Procedure.

ReNew Power Private Limited

(Formerly Known as ReNew Power Limited and ReNew Power Ventures Private Limited)

CIN: U40300DL2011PTC291527

Registered Office: 138, Ansal Chambers-II, Bhikaji Cama Place, Delhi- 110066

Tel: +91 00 4677 2200, **Fax:** +91 11 4111 2980

Corporate Office: ReNew.Hub, Commercial Block-1, Zone-6, Golf Course Road, DLF City Phase-V, Gurugram - 122009

Tel: +91 12 4489 6670, **Fax:** +91 12 4489 6699

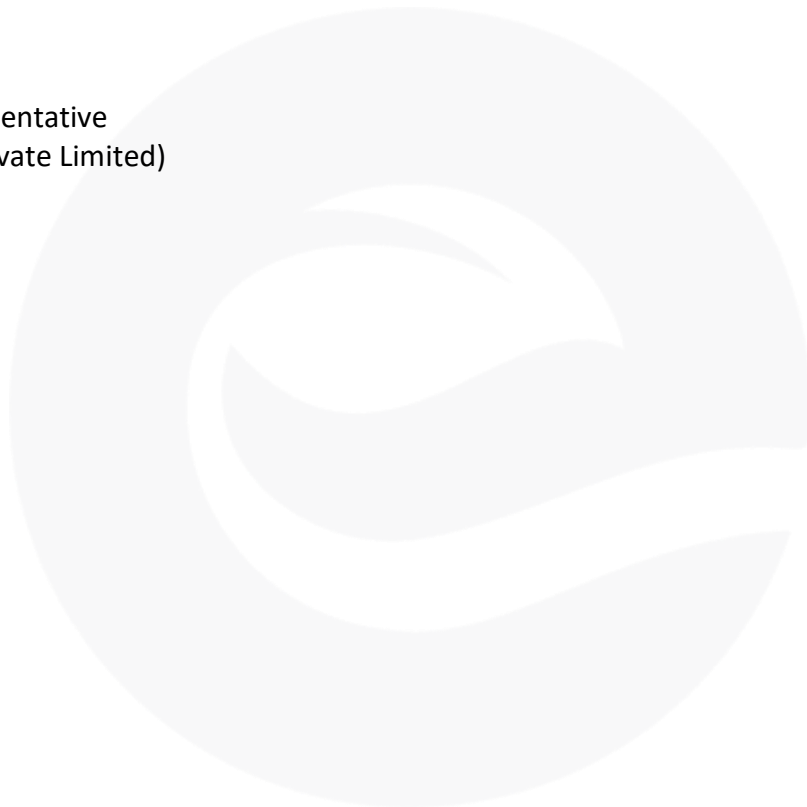
Email: info@renewpower.in, **Web:** www.renewpower.in

Lastly, should there be any requirement, it would be a privilege for us to support the Honourable Commission by providing information/data relevant to the matter.

Thanks & Regards

Asham

Authorized Representative
(ReNew Power Private Limited)



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Annexure I - Draft of Detailed Procedure for “Grant of Connectivity to Projects Based on Renewable Sources to Inter-State Transmission System”

Sr. No.	Draft amendment	Proposed changes	Comments and Rationale
1	<p>5.2 Utilization of Connectivity granted to the Parent Company by its Subsidiary company (ies) and Transfer of Connectivity</p> <p>The utilization and transfer of Connectivity shall be governed in accordance with Clause 8A of the Connectivity Regulations</p>	<p>5.2.1 The Connectivity granted to a company may be utilized by its subsidiary company(ies) <u>and affiliates including SPVs till such time the ultimate parent remains the same. In such cases, the parent company cannot cede controlling shareholding in the subsidiary company (ies) and affiliates</u> 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 subsidiary <u>or affiliates of the same company</u>, the lock-in period of one year shall apply from commencement of supply of power from the last such subsidiary.</p>	<p>As per the provisions of RFS Documents for the competitive bids being conducted by Bid Implementing Agencies of the Central or State Governments, a successful bidder can transfer up to 49% of equity shareholding in favour of a third entity, without any lock-in period and dilute more than 49% after the expiry of 1 year from COD under intimation to the procurer.</p> <p>Raising equity finance from external investors is a necessity in current times, and while the same is allowed in RfS and PPA, the CERC Regulations inadvertently restrict such transfer.</p> <p>Therefore, competitively bid out and concluded, statutory performable contracts are being rendered unworkable due to the restrictions being applied by Regulation 8A of the Connectivity Regulations. While contractually a RE generator is entitled to</p>

			<p>transfer its shareholding to the extent of 49 per cent even prior to the expiry of the lock-in-period, however by virtue of the Regulation 8A of the Connectivity Regulations, the RE Generator is restricted in transferring the same, provided the connectivity is sought by the parent company.</p> <p>We therefore propose that CERC should allow the transfer of the Connectivity and LTA from a Connectivity and LTA Grantee to its Subsidiary / SPVs in which it retains controlling stake.</p> <p>Transfer of connectivity and LTA between the parents, SPVs and sister concerns will continue to protect the interest of PGCIL/ Transmission Licensee, where the original allottee shall continue to be obligated to maintain its contractual obligations and protect the interest of PGCIL / Transmission Licensee.</p>
2		<p><u>For utilization of Connectivity in accordance with Clause 8 A of the Connectivity Regulations, the CTU upon request of such Grantee shall necessarily revert on such request within 10 days of submission of request.</u></p>	<p>There should be a time-bound process for CTU to respond to the request for utilization of connectivity as most of the connectivity are being utilized for the competitively bid out projects, where there is time sensitivity involved and any delay can impact the project</p>

			timelines and have a punitive impact on the bidders for no fault of theirs.
2	<p>7.3 CTU shall grant Stage-I Connectivity indicating the location (ISTS substation where Connectivity has been granted) within 60 days of the last date of the month in which the application was received.</p> <p>Provided that grant of Stage-I Connectivity shall not create any rights in favour of the grantee on inter-State transmission system.</p> <p>Provided further that if capacity at the location where Stage-I Connectivity is granted becomes unavailable at a later stage, an alternate location shall be allocated at the time of grant of Stage-II Connectivity.</p>	<p>7.3 CTU shall grant Stage-I Connectivity indicating the location (ISTS substation where Connectivity has been granted) within 60 days of the last date of the month in which the application was received.</p> <p>Provided that grant of Stage-I Connectivity shall not create any rights in favour of the grantee on inter-State transmission system.</p> <p>Provided further that if capacity at the location where Stage-I Connectivity is granted becomes unavailable at a later stage, an alternate location shall be allocated at the time of grant of Stage-II Connectivity <u>and such alternate location should not be more than 50 kms from the project location indicated by the applicant in their application.</u></p>	<p>RE projects are extremely cost competitive and have been helping the Discoms achieve their objective of lowering the overall basket cost of power procurement, while also helping them meet their RPOs.</p> <p>We, therefore, believe that the CTU should necessarily endeavour to plan its transmission infrastructure in a manner that the transmission line length should not increase beyond the outer limit of more than 50 kms.</p> <p>Alternatively, if the transmission line length is more than 50 kms than such cost may be socialised so as to keep the cost of generation under control.</p>
3	CTU shall display the updated status of allocation of bay(s) at the existing or the proposed pooling sub-stations on its website on weekly basis.	CTU shall display the updated status of allocation of bay(s) at the existing or the proposed pooling sub-stations on its website on weekly basis.	As meetings for grant of connectivity and LTA are held on monthly basis, CTU should also cover the available margin for connectivity & LTA and bays available at 220 kV & 400 kV.

		<u>CTU shall also update the margin available for connectivity and LTA; and bays available at different voltage levels at the existing and proposed pooling sub-stations on its website on monthly basis by 7th day of every month.</u>	CTU to strictly follow the same as this is essential from a transparency standpoint and it gives equal information to all interested applicants and help them make informed decisions.
4	New clause	<u>If the applicant is not granted connectivity at the primary ISTS Pooling station as per their Stage I Connectivity Application and the applicant so requests that their application my not be further processed, before intimation of grant of Stage I Connectivity, CTU shall refund the Application fees of such applicants after forfeiting 20% of such Application fee.</u>	A connectivity applicant makes an application to CTU for grant of connectivity based on their assessment of wind and solar resource in the area. An alternate location may not be feasible for execution of project given the variation in such resource at different locations which may be in proximity to the alternate ISTS location at which the Connectivity is proposed to be granted. Therefore, to minimize the exposure and in the interest of fairness, application fee be refunded to the applicant.
5	<p>9.2 Eligibility for Stage-II Connectivity Any of the following shall be eligible for grant of Stage-II Connectivity:</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</p>	<p>9.2 Eligibility for Stage-II Connectivity Any of the following shall be eligible for grant of Stage-II Connectivity:</p> <p>An entity which has been issued the Letter of Award/ <u>Letter of Intent</u> 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</p>	This is a welcome clause and we wholly support the Commission’s initiative in promoting new and emerging bid constructs such as the non-co-located hybrid, Peak Power or Round the Clock Power. These constructs assist in improving the grid level variability of RE power and help in more and more grid integration of renewables.

	<p>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 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.</p>	<p>Letter of Award/ <u>Letter of Intent</u> 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 Projects, <u>or complemented with Power from Coal Based Thermal Power Projects</u> shall be eligible to apply for separate Stage-II Connectivity for each location based on the same LOA/ <u>LOI</u> or PPA, for the capacity of the project not exceeding the quantum of power for which LOA/ <u>LOI</u> has been awarded or PPA has been signed. For this purpose, <u>the project location and capacity alongwith ISTS Interconnection Point</u> 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.</p> <p><u>(c) Separate stage II connectivity shall be granted for each location as certified by the</u></p>	<p>The Hon'ble Commission should while finalizing this proposed amendment also keep in mind upcoming bids so that any changes that may be required in implementation of those are taken care of at this stage itself.</p> <p>This should therefore be allowed at the earliest so that the bids that have already been undertaken by RE Implementing Agencies of Government of India shall be able to meet their project timelines without any slippage.</p>
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		<u>Renewable Energy Implementing Agency or the distribution licensee.</u>	
6	9.3.1 After grant of Stage II connectivity, the grantee covered under Clause 9.2.1 shall have to achieve the following milestones in accordance with the Letter of Award or the Power Purchase Agreement and submit the proof to CTU within a week of achieving the milestone(s):	9.3.1 After grant of Stage II connectivity, the grantee covered under Clause 9.2.1 shall have to achieve the following milestones in accordance with the Letter of Award/ <u>Letter of Intent</u> or the Power Purchase Agreement and submit the proof to CTU within a week of achieving the milestone(s):	This is only an enabling clause as RE implementing Agencies and Distribution companies issue Letter of Intent instead of the Letter of Award and the two are interchangeably used.
7	New Clause	<u>In case of a mutual termination of PPA between the Connectivity Grantee and the RE Implementing Agency or Distribution Licensee, CTU to consider the request of substitution of such LOA/LOI or PPA with another LOA/LOI or PPA for the already granted stage II connectivity issued to the Connectivity Grantee, its subsidiary company(ies) or affiliates till such time the ultimate parent remains the same, without encashment of connectivity BG. In such case the Connectivity Grantee to provide a NOC regarding termination of LOA/LOI or PPA from RE Implementing Agency or Distribution Company as the case maybe.</u> <u>Alternatively, the Connectivity Grantee shall be refunded all the Bank Guarantees by the CTU</u>	The Detailed Procedure currently does not capture any provisions in the event of Stage 2 connectivity being utilized by the Connectivity Grantee for alternate projects in Force Majeure situations. There have been several cases where non-signing of PSA or force majeure conditions have led to termination of the PPA and when Connectivity Grantee wishes to use the same Connectivity for alternate project(s), it requires a fresh application. In order to take care of such situation, CERC may allow the following: 1. Allow the Developer to use/transfer the existing connectivity and LTA, for other projects, being developed by itself or its subsidiary / affiliate companies and timelines under the existing TSA & LTAA should be

		<p><u>and be made free of all obligations under various agreements.</u></p>	<p>suitably extended without any costs and penalties. In this context, the definition of subsidiary / affiliate companies should also be aligned to the fact having either 50% or more shareholding or having a common parent with controlling stake.</p> <p>2. In case of termination of PPA, allow the Developer to exit from TSA and LTAA, and return back the BGs and not to seek any relinquishment charges for the LTA granted.</p>
8	<p>10.10 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</p> <p>....</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>10.10 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</p> <p>....</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><u>Provided further that in case the Connectivity Grantee constructs the bay on their own at the ISTS end, the transmission licensee owning the ISTS, has to provide the drawings & detailing of its Sub-station and also allow the developers to</u></p>	<p>This provides further transparency in clarity of charges that are payable by Connectivity Grantees.</p>

		<p><u>use its common auxiliaries without any additional cost to the RE developers. As such, the transmission licensee may charge the following fee, as a system integration charge:</u></p> <p>A. <u>One-time fee (excluding GST) per bay on account of integration with the existing system:</u></p> <ul style="list-style-type: none"> a. <u>a) 132 KV AIS - 10 Lacs</u> b. <u>b) 132 kV GIS - 15 Lacs</u> c. <u>c) 220 kV AIS - 20 Lacs</u> d. <u>d) 220 kV GIS - 30 Lacs</u> e. <u>e) 400 kV AIS - 30 Lacs</u> f. <u>f) 400 kV GIS - 45 Lacs</u> <p>B. <u>Annual O&M Charges: 25% of CERC Normative O&M expenses.</u></p>	
9		<p>Provided further that if the Stage II Connectivity Grantee wishes to surrender the Stage II Connectivity before award of the package for construction of bay(s) in connection with Stage-II Connectivity by the concerned transmission licensee, Conn-BG2 shall be returned to the grantee.</p>	<p>There are situations which result in a grantee not seeking connectivity even though he would have initially made an application to that effect. Therefore, if there are no financial implications on the transmission licensee then the grantee be allowed to surrender such connectivity without any cost. This will also</p>

			allow the connectivity to be used by any other applicant at the earliest.
10	New Clause	11.5 If a Connectivity Applicant wishes to seek Connectivity under clause 9.3.1 of this Detailed Procedure, and the LOA/LOI or PPA under which such Connectivity is being sought has a Scheduled Commercial Operation Date (SCOD) of more than 36 months, then such applicant can make an application only 30 months prior to the SCOD of the Project.	This will result in improvement in utilization of connectivity infrastructure and help CTU in better planning of the network in a least cost optimal manner.
11	(iii) CTU in coordination with ISTS transmission licensee implementing the ISTS pooling station shall indicate the requirement of D/c or M/c towers near ISTS pooling station end including sharing of such towers, for optimization of space. The developers of renewable generation projects shall comply with the directions of CTU in this regard.	CTU in coordination with ISTS transmission licensee implementing the ISTS pooling station and RE developers shall indicate the requirement of direct the ISTS transmission licensee to construct M/C tower lines for atleast 3 Km. length near ISTS pooling station end including , for optimization of line corridors. The developers of renewable generation projects shall comply with the directions of CTU in this regard.	This should be done to streamline the process given the experience RE generators have had in the past few years.