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Date: 03.04.2025

To,

The Secretary
Central Electricity Regulatory Commission
6th, 7th & 8th Floors, Tower B, World Trade Centre,
Nauroji Nagar, New Delhi- 110029

Subject: Comments/suggestions on Draft Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State transmission System) (Fourth Amendment) Regulations, 2024

Dear Sir,

We sincerely appreciate the Central Electricity Regulatory Commission's effort in promoting renewable energy in the country. We are grateful for your continued guidance, and assurance you have offered, in helping the renewable sector progress by enabling a robust and healthy environment to thrive in the country. We would like to thank you for the opportunity to raise our key concerns & suggestions on the "Draft Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State transmission System) (fourth Amendment) Regulations, 2024."

We have enclosed our comments / suggestions on the Draft Regulations for kind consideration of the Hon'ble Commission.

Yours sincerely,
For O2 Power Private Limited

Dharmendra Gupta
Authorized Signatory

Comments / Suggestions on Draft Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State transmission System) (fourth Amendment) Regulations, 2024

Sr. No.	Proposed in the Draft	Proposal by O2 Power	Rationale
1.	<p>5.2a The additional generation capacity under Regulation 5.2 of these regulations shall be subject to the following conditions:</p> <p>(a) Connectivity Bank Guarantee Conn-BG1 and Conn-BG3 under Regulation 8 of these regulations shall be furnished by the existing grantee for such additional generation capacity;</p> <p>(b) The existing grantee shall intimate the scheduled date of commercial operation for such additional capacity;</p> <p>(c) In case additional capacity for which approval is sought under Regulation 5.2 of these regulations is REGS (with or without ESS) or ESS (except PSP), the scheduled date of commercial operation for such additional capacity shall not be</p>	<p>5.2a The additional generation capacity under Regulation 5.2 of these regulations shall be subject to the following conditions:</p> <p>(a) Connectivity Bank Guarantee Conn-BG1 and Conn-BG3 under Regulation 8 of these regulations shall be furnished by the existing grantee for such additional generation capacity;</p> <p>(b) The existing grantee shall intimate the scheduled date of commercial operation for such additional capacity, which shall be on or after the start date of connectivity of the principal generation capacity;</p> <p>(c) In case additional capacity for which approval is sought under Regulation 5.2 of these regulations is REGS (with or without ESS) or ESS (except PSP), the scheduled date of commercial operation for such additional capacity shall not be later than</p>	<p>a) It is recommended that the requirement for submitting an additional Conn-BG3 to be removed. This is because the additional generation capacity is being accommodated within the already granted connectivity, without the need for any new transmission system development or augmentation. Since no additional transmission infrastructure is required, the rationale for requiring a fresh Conn-BG3 does not hold.</p> <p>Furthermore, mandating the submission of an additional Conn-BG3 for the same transmission system leads to a financial burden on the generating entity. This effectively results in an additional recovery of bank guarantees for the same infrastructure. Eliminating this redundant requirement would streamline the process and reduce unnecessary financial strain on developers while ensuring that the transmission system remains adequately secured without excessive financial commitments.</p> <p>b) The Scheduled Commercial Operation Date (“SCOD”) of the additional generation capacity should be on or after the start date of connectivity of the principal generation</p>

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	<p>later than 18 months from date of approval by the Nodal Agency;</p> <p>(d) The applicant shall furnish documents required under Regulation 5.8.(xi) of these Regulations, as applicable, for such additional capacity, and shall also be subject to other Regulations including Regulation 11A, 11B, 24, 24.6 of these Regulations.</p> <p>(e) The entity which has already made an application or has been granted approval by the Nodal Agency under Regulation 5.2 of these Regulations prior to the date of effectiveness of these amendments, shall furnish the scheduled date of commercial operation for such additional capacity, within a period of two weeks from effectiveness of these regulations:</p>	<p>18 months from date of approval by the Nodal Agency;</p> <p>(d) The applicant shall furnish documents required under Regulation 5.8.(xi) of these Regulations, as applicable, for such additional capacity, and shall also be subject to other Regulations including Regulation 11A, 11B, 24, 24.6 of these Regulations. Further all responsibilities for meeting grid compliance for the additional capacity shall be to the applicant and not the original connectivity grantee/entity.</p> <p>(e) The entity which has already made an application or has been granted approval by the Nodal Agency under Regulation 5.2 of these Regulations prior to the date of effectiveness of these amendments, shall furnish the scheduled date of commercial operation for such additional capacity within a period of three months from effectiveness of these regulations:</p> <p>Provided that, in case such additional generation capacity is REGS (with or without ESS) or ESS (other than PSP), the scheduled date</p>	<p>capacity within which the additional capacity is being incorporated.</p> <p>c) The SCOD of the additional generation capacity should not be linked to the date of approval by the Nodal Agency, as this date remains unknown at the time of application submission.</p> <p>The present proposal restricts the applicants from applying under Reg 5.2 prior to minimum 18 months from the SCOD of the project. This restriction serves no purpose and should be removed, and the applicant be permitted to apply any time under Reg 5.2 as additional capacity is for better infrastructure utilization, subject to the condition that the SCOD of additional generation capacity is on or after the start date of connectivity of the principal generation capacity.</p> <p>e) As per the explanatory memorandum, existing connectivity applicants shall be given three months of time after effectiveness of amended regulations to seek approval for additional generation capacity. Reference to the same needs to be made in the regulations and existing connectivity applicants be granted 3-months for applying for additional generation capacity.</p>

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	<p>Provided that, in case such additional generation capacity is REGS (with or without ESS) or ESS (other than PSP), the scheduled date of commercial operation for such additional capacity shall not be later than 18 months from the date of effectiveness of these amendments or date of approval by the Nodal Agency, whichever is later.</p> <p>Provided also that such additional generation capacity shall also comply with Clauses (a) to (d) of this Regulation, within a period of one month from the date of effectiveness of this Regulation, failing which approval for such additional generation capacity shall be revoked.</p>	<p>of commercial operation for such additional capacity shall not be later than 18 months from the date of effectiveness of these amendments or date of approval by the Nodal Agency, whichever is later.</p>	<p>Further, an entity may have already submitted an application under Reg 5.2 or has been granted connectivity with a connectivity start date/ SCOD beyond 18 months and hence not meeting the requirement of the SCOD not being later than 18 months from the date of effectiveness of these amendments or the date of approval by the Nodal Agency. The first proviso should be removed in line with the rationale provided under point (c) above and to avoid any ambiguity in relation to existing applications / connectivity granted and the proposed amendments.</p>
2.	<p>11A (6) Any changes in shareholding pattern of the Connectivity grantee upto CoD of the project shall be subject to the following: (a) The promoters of the Connectivity grantee shall not cede control (where control shall mean the ownership, directly or indirectly,</p>	<p>11A (6) Any changes in shareholding pattern of the Connectivity grantee upto CoD of the project shall be subject to the following: (a) The promoters of the Connectivity grantee shall not cede control (where control shall mean the ownership, directly or indirectly,</p>	<p>The transfer of connectivity between subsidiaries should be allowed as it is in consistent with the objectives of the General Network Access (GNA) regulations. Enabling such transfers between subsidiaries under a shared parent entity serves several critical purposes.</p>

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	<p>of more than 50% of the voting shares of such Company or right to appoint majority Directors) of the Company.</p> <p>(b) In case the Connectivity grantee has multiple promoters (but none of the shareholders have more than 50% of voting rights and paid-up share capital), the shareholding pattern shall be maintained and cannot be changed upto COD of the project.</p> <p>(c) Any change in shareholding pattern other than covered in sub-clauses (a) and (b) shall require prior approval of the nodal agency and shall be filed for information of commission within 45 days of such approval. Nodal Agency may allow such application considering the practical requirement for change in shareholding.</p> <p>(d) In case any change in control or shareholding pattern of the Connectivity grantee is carried out in contravention to sub-clauses (a) to (c) of this Clause, the Connectivity shall be revoked, Bank Guarantee submitted under sub-clause (c) of Clause (vii) or sub-clause (c) of Clause (xi) of Regulation 5.8 of these regulations</p>	<p>of more than 50% of the voting shares of such Company or right to appoint majority Directors) of the Connectivity grantee.</p> <p>(b) In case the Connectivity grantee has multiple promoters (but none of the shareholders have more than 50% of voting rights and paid-up share capital), the shareholding pattern shall be maintained and cannot be changed upto COD of the project.</p> <p>(c) Any change in shareholding pattern other than covered in sub-clauses (a) and (b) shall require prior approval of the nodal agency and shall be filed for information of commission within 45 days of such approval. Nodal Agency may allow such application considering the practical requirement for change in shareholding within 15 days from date of submission of such application.</p> <p>(d) In case any change in control or shareholding pattern of the Connectivity grantee is carried out after the effectiveness of this Regulation in contravention to sub-clauses (a) to (c) of this Clause, the Connectivity shall be</p>	<p>Firstly, it promotes more efficient use of connectivity resources, allowing companies to optimize network access without requiring additional, separate approvals for each entity within the corporate group. This ensures that the connectivity allocated to one subsidiary can be transferred to another where it may be more urgently needed, enhancing operational flexibility.</p> <p>Additionally, this practice helps meet market demands more effectively. Under the FDRE (Framework for Dispatch and Resource Eligibility) regime, the requirement for multiple injection points to ensure 90% generation availability is a significant challenge for bidders in the power sector. By allowing subsidiaries within the same corporate structure to transfer connectivity rights, companies can better position themselves to meet these stringent availability requirements. This flexibility becomes especially valuable when a project needs to balance generation capacities across different locations to maintain the reliability targets outlined in bidding conditions.</p> <p>Since, the management control remains unchanged during such transfers, and there is no financial interest or motivation behind them. A subsidiary, as defined under the</p>

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	<p>shall be encashed, and Conn-BG1, Conn-BG2 and Conn- BG3 shall be treated in terms of Regulation 24.2 or Regulation 24.3 of these regulations, as applicable.</p>	<p>revoked, Bank Guarantee submitted under sub- clause (c) of Clause (vii) or sub-clause (c) of Clause (xi) of Regulation 5.8 of these regulations shall be encashed, and Conn-BG1, Conn-BG2 and Conn- BG3 shall be treated in terms of Regulation 24.2 or Regulation 24.3 of these regulations, as applicable.</p> <p>(e) The transfer of connectivity granted, between subsidiaries of the same parent company and/or between parent and subsidiaries shall be permitted, provided that the parent company exercises control in both the transferring and receiving companies.</p>	<p>Companies Act 2013, must maintain at least a 51% shareholding by the parent company. This ensures that the parent company retains control, and the transfer of connectivity remains within the same corporate group. Given this structure, the utilization of connectivity in such cases should alleviate any concerns regarding the potential for connectivity being traded for financial gain or speculative purposes. Instead, it ensures that the connectivity is being optimized for operational efficiency within the same corporate umbrella.</p> <p>In view of above, we propose that the transfer / utilization of connectivity among different subsidiaries of the same parent company should be permitted. Allowing such transfer / utilization would optimize network resources and enhance operational efficiency across the subsidiaries, while adhering to regulatory safeguards.</p>
3.	<p>Annexure IV (4) As on effectiveness of this Regulation, the Applicant(s) for whom an application for grant of Connectivity is under process and in principle grant of Connectivity is yet to be intimated, shall also be given three months from the date of effectiveness of this Regulation to make an application under</p>	<p>(4) As on effectiveness of this Regulation, the Applicant(s) for whom an application for grant of Connectivity is under process and in principle grant of Connectivity is yet to be intimated, shall also be given three twenty-four months from the date of effectiveness of this Regulation to make an application under</p>	<p>Proposal of Hon'ble Commission to introduce Solar Hour Connectivity and Non-Solar Hour Connectivity is an innovative and forward-thinking solution aimed at maximizing the utilization of the existing inter-state transmission system. This will allow more efficient use of available transmission capacity, particularly by spreading the load between solar and non-solar generation hours, which is</p>

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	Regulation 5.11 of these regulations for non-solar hours.	Regulation 5.11 of these regulations for non-solar hours.	<p>expected to improve the overall stability and efficiency of the grid.</p> <p>However, it is strongly suggested that proposal should not be implemented for existing solar generators to install storage for utilisation of connectivity/GNA during non-solar hours within three months, failing which connectivity/GNA during non-solar hours shall be utilised to grant another connectivity through the same transmission system as 'non-solar hour connectivity' to another applicant.</p> <p>The grant of Solar hours Connectivity and Non-Solar hours Connectivity through the same Transmission system in a time bound manner should be applicable only to new generators applying for fresh connectivity moving forward. The introduction of such a significant change should be reserved for future projects to ensure that it does not disrupt the financial and operational planning of existing generators.</p> <p>Existing solar generators have already made significant investments in their plants, evacuation systems, and related infrastructure based on the regulatory framework that was in place at the time of their project development. These investments were made with the expectation of using the available grid capacity under the existing terms of connectivity. Retrospectively imposing in a time bound manner on these projects could lead an operational challenge for these generators, as they would need to</p>

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			<p>upgrade or modify their systems to meet the new requirements.</p> <p>Given these concerns, we recommend that the proposed requirement for Solar Hour and Non-Solar Hour Connectivity should not be implemented at a short timeline of 3 months for existing projects. Granting a period of at least 24 months will allow sufficient time for existing projects to assess and adjust to the new framework without facing undue pressure or disruption to their operations.</p> <p>This should be made harmonious across the proposed new amendment, as in multiple places, 3 months' time period has been indicated. A clear distinction between new connectivity and old connectivity should be brought in this amendment Regulation to avoid confusion and ease of implementation.</p>