

To,

Chief (law)

Central Electricity Regulatory Commission

IVFloor ,Chanderlok Building

36 A Janpath,

New Delhi-110001

Subject: Comments On Draft Amendment in CERC Connectivity Regulation and Regulation for grant of Regulatory Approval.

Draft Central Electricity Regulatory Commission (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) (Fourth Amendment) Regulations, 2015.

Draft Central Electricity Regulatory Commission (Grant of Regulatory Approval for execution of inter-State Transmission Scheme to Central Transmission Utility) (First Amendment) Regulations, 2015

It is really commendable that to promote solar power generation in the country and to facilitate grid connectivity to solar park CERC had come up with draft amendments in CERC Connectivity Regulation and Regulation for grant of Regulatory Approval.

While the Commissions effort to harmonise the Regulations for implementation of government policy intended to promote Renewable Energy is a welcome step, it is necessary that interest of all stakeholders are kept in mind and efforts are made to mitigate and manage the risk.

- 1) Non Discriminatory Open Access: In accordance with the Electricity Act Section 38 , non-discriminatory open access is to be provided. Proposal is Solar specific and only for Central Government company.
 - a) It is mentioned that connectivity and LTA will be given to solar park developer if it is a company formed by Central Government.

It is not clearly explained in the Explanatory Memorandum that why only "Central ". Why not this facility can be given to a company of State Government or a private company. What qualification separates a Central Government company from other two categories if all are formed under Company Law.

It is not clear whether Central Government is providing some counter guarantee to treat this as a special entity?

- b) It is not clear from the explanatory memorandum that why this facility would not be given to a wind farm developer . A developer which develop infrastructure for wind farm, internal transmission network should also be qualified to avail this facility. Suppose such developer request for connectivity and LTA without owning any generating station , would this be given. At present as per prevailing Regulation only Lead generator can apply for connectivity. And if such wind developer is a Central Government company would it be given connectivity. If such wind farm developer is in better financial condition or net worth than central government company , how it can be denied access.

2. Risk allocation and Management:

- a. In providing a transmission connectivity and access, certain investment would be required , and this public investment need to be protected. In the past Connectivity was given to only grid connected entities having their own assets . Other category which was granted Access was trader and these inter state traders during the license process pass through a prudence check of their networth and balance sheet.
- b. What prudence check for this central Government company would be done to assess the capability of this company to take responsibility of payment of transmission charges, relinquishment charges .
- c. While in other cases of connectivity and access this corresponds only to transmission charges , in this particular case additional risk is placed first through MNRE and MOP orders for delay in commissioning of generating station . At operation stage more risk is added through responsibility of payment of deviation charges .
- d. Past experience of Regulatory approval for High Capacity Corridors demonstrated that in case of conventional generators there are execution risk related to land, forest and environment . There were cases of slippage or complete abandoning of projects. Then comes the risk of no PPA. Similar risk exist in this case, how this solar park developer ,even when agreeing at initial stage to took this risk, will be able to pay as there is no clarity or prudence check of its net worth.
- e. Three past cases when traders were given LTA on behalf of generators JP karchamWangtoo, PTC Budhil and PTC Lanco all gone into litigation when generators back out from PPA and transmission charge payment was litigated. Similar risk exist inproposed arrangement.
- f. In explanatory memorandum all these risk are not quantified. As role of coordinating agency in case of multiple generators at a pooling point is yet to be clear so far as the pooling and de-pooling of deviation charges among various generators is concern . The position has further complicated with another amendment proposed in Grid code and deviation settlement with limited application to generating station scheduled by RLDC only.

For example consider 1500 MW power being pooled at one point. Its 1000 MW generating stations (different modules of different owners)is scheduled by SLDC and 500 MW is being scheduled by RLDC . If on this particular location if deviation is 200 MW how it will be allocated. Whether this solar park developer is financially capable of giving 200 MW deviation charges of one week in deviation pool account in 10 day and then recover it from participating stations. All such commercial issues need to be understood by this applicant of LTA and connectivity.

Discussion of risk does not mean that connectivity and access should not be provided, only proper risk management is to be ensured through prudence check by the Commission.

3. Dedicated and license related issues:

There are very clear decisions by Appellate Tribunal of Electricity that what constitute dedicated line and for what activity license is required. If single point connection of solar park with ISTS is there then this internal transmission can be considered as dedicated. If Multiple infeed and multiple connections from pooling point to ISTS and state network are there , it will result in lose of dedicated nature . This aspect need to be taken care while granting connectivity and access.

The views expressed above are individual view and in no manner it represents view of the organization in which I am working. So this submission is in individual capacity.

Sd/-

(VijayMenghani)

GH-9/ 441 PaschimVihar , New Delhi-110087