

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 145/MP/2017

Subject : Petition under Section 79(1)(f) of the Electricity Act, 2003 and Regulation 33 B (Power to Remove Difficulty) of the Central Electricity Regulatory Commission (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters), Regulations, 2009 alongwith Regulation 111 (Inherent Powers) of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 read with Regulation 2(3) of the Central Electricity Regulatory Commission (Payment of Fees) Regulations, seeking directions for preventing underutilization of bays for Connectivity granted to Wind/Solar generation projects.

Date of hearing : 27.7.2017

Coram : Shri Gireesh B. Pradhan, Chairperson
Shri A.K. Singhal, Member
Shri A.S. Bakshi, Member
Dr. M.K. Iyer, Member

Petitioner : Power Grid Corporation of India Limited (PGCIL)

Respondents : Green Infra Renewable Energy Ltd. and Others

Parties present : Shri Swapnil Verma, PGCIL
Shri Sandeep Kumawat, PGCIL
Shri Sandeep, PGCIL
Ms. Kashish Bhambhani, PGCIL
Shri LAXmi Kant, PGCIL
Ms. Anil kumar Meena, PGCIL
Shri Rejesh Verma, PGCIL
Shri Dwaipayyan Sen, PGCIL
Ms. Himanshi, PGCIL
Shri Amit Kapur, Advocate, APL
Ms. Abiha Zaidi, Advocate, APL
Shri Anand Kumar Srivastava, Advocate, SESPL
Ms. Molshree Bhatnagar, Advocate, SESPL
Shri Hemant Sahai, Advocate, OSWPPL & 3 others
Shri Aniket Prasoon, Advocate, OSWPPL & 3 others
Shri Abhishek Kumar, Advocate, OSWPPL & 3 others
Shri Sahil Kaul, Advocate, OSWPPL & 3 others
Shri Naveen Chawla, Inox
Shri Vishal Gupt, GIREL
Shri Mohan B, GPPL

Record of Proceedings

The representative of the Petitioner submitted that the present petition has been filed for seeking directions for preventing underutilization of bays for connectivity granted

to Wind/Solar generation projects. The representative of the Petitioner further submitted as under:

(a) Since the past 18 months, a large number of connectivity applications from wind generators and solar power park developers have been received by the CTU.

(b) The Solar Energy Corporation of India Ltd., had invited bids under MNRE Scheme for setting up of 1000 MW ISTS connected Wind Power Projects. Under this scheme, the projects are required to be developed only in the 8 States classified as "Windy States", namely Andhra Pradesh, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Rajasthan, Tamil Nadu and Telangana.

(c) Subsequently, five bidders have been declared successful bidders. Out of the 5 bidders, 3 bidders are located in Bhuj/Bachau area of Gujarat and 2 bidders are located in Tirunelveli area in Tamil Nadu.

(d) Therefore, regulatory intervention by the Commission is required on urgent basis to ensure efficient utilization of bays for connectivity by Wind/Solar generation projects addressing the present problem as well as devise long term solution for efficient utilization of connectivity granted to the applicants.

2. Learned counsel appearing on behalf of Orange Sironj Wind Power Pvt. Ltd. (OSWPPL), Ostro Alpha Wind Pvt. Ltd. (OAWPL), Orange Rajkot Wind Power Pvt. Ltd. (ORWPPL) and Ostro Kutch Wind Pvt. Ltd. (OKWPL) submitted that the Petition is not maintainable and requested to list the Petition on maintainability first.

3. After hearing the representative of the Petitioner and the learned counsels for the Respondents, the Commission directed to issue notice to the Respondents.

4. The Commission observed that MNRE has submitted its views on the issues raised by the Petitioner which is annexed as Annexure alongwith the ROP and directed the Respondents to file their comments on the same.

5. The Commission directed the Petitioner to serve the copy of the Petition on the Respondents immediately, if not served already. The Commission directed the Respondents to file their comments and replies if already not filed, by 7.8.2017, with an advance copy to the Petitioner, who may file its rejoinder, if any, by 11.8.2017. The Commission directed that due date of filing the replies and rejoinder should be strictly complied with. No extension shall be granted on that account.

6. The Commission directed to list the Petition for the hearing on maintainability as well as on merits on 16.8.2017 at 2.30 PM.

By order of the Commission

**Sd/-
(T. Rout)
Chief (Law)**

MNRE views on Petition No. 145/MP/2017 filed by PGCIL before Hon'ble CERC seeking directions for preventing underutilization of bays for Connectivity granted to Wind/Solar generation projects.

Government of India has set a target of reaching 175 GW of renewable power capacity in the country by 2022 of which 100 GW is targeted from solar, 60 GW from wind, 10GW from biomass and 5GW from small hydro.

2. As per assessment made by National Institute of Wind Energy, the total wind power potential in country at 100 meter above ground level is over 302 GW and most of this potential is concentrated in seven windy States namely Andhra Pradesh, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Rajasthan and Tamil Nadu.

3. The targeted 60 GW of wind power will mainly come from these windy States. As the windy States can't absorb wind power beyond a certain limit due to its variable nature, the wind power from these States is required to be transmitted to other States for fulfilment of their RPO obligation. To facilitate inter-state transmission of wind power, Government made a provision in the Tariff Policy to waive off the ISTS charges and losses for inter-state sale of wind and solar power.

4. To further facilitate inter-state sale of wind power at a tariff determined through transparent process of bidding, MNRE sanctioned a scheme in June 2016 for setting-up of 1000 MW ISTS connected wind power projects.

5. After issuance of abovementioned scheme for ISTS connected wind projects and order for waiving off of ISTS charges and losses for wind power in September 2016, a large number of applications for grant of ISTS connectivity for wind power projects started pouring in with CTU.

6. It is reported that, so far CTU had received applications for grant of connectivity for around 50 GW capacity wind power projects. At present there is no provision of prioritising such applications and hence CTU is granting connectivity on first cum first serve basis. This has resulted in squatting of connectivity by project developers who may not be serious to execute the project and thus depriving timely availability of connectivity to those who are much ahead of developing the project.

7. Understanding the need of resolving this issue through suitable regulatory Ministry vide letter dated 6 February 2017 requested Hon'ble CERC to discourage squatting of connectivity by prioritising grant of connectivity.

8. The development of a wind power project is generally completed within a period of three years depending upon from where they start. If wind resource assessment data are readily available for the site then this period could be less than two years.

9. On the issue of squatting of connectivity following is suggested:

- I. A mechanism of giving priority is required to be evolved while granting connectivity. Criteria for prioritising could be acquisition of land, signing of PPA, obtaining financial closure, placement of purchase orders for equipment, start of project work, etc.
- II. To stop non-serious players applying connectivity, a provision of submitting bank-guarantee along with the connectivity application may be considered. It could be minimum Rs. 5 Lakh per MW.
- III. Considering the low gestation period of wind power projects the connectivity should not be granted for the projects indicating commissioning of projects beyond a period of three years from the date of connectivity application.
- IV. Periodic review of projects granted connectivity should be carried out and connectivity should be revoked for not achieving certain milestones that are required for development of wind power projects. Suggested milestones are as under:
 - a. Within a period of 12 months from the date of grant of connectivity, the applicant has to acquire at least 50% of land required for the project and also sign bay implementation agreement & deposit advance for bays implementation at ISTS substation.
 - b. Within a period of 18 months from the date of grant of connectivity, the applicant has to sign PPA for sale of 100% power from his project.
 - c. Within a period of 24 months from the date of grant of connectivity, the applicant has to complete the financial closure.

10. The mechanism suggested above to discourage squatting of connectivity to be made applicable for both new and applications pending for grant of connectivity.

11. For projects already granted connectivity, periodic review of projects as suggested above should be applicable, however, in such cases the achievement of required milestones will be from the date of issue of final order by Hon'ble CERC in this regard.

12. In case of solar, most of the projects are coming in solar parks. For solar parks there are separate provisions for grant of connectivity and practically there is no issue of squatting.