

# AMPLUS ENERGY SOLUTIONS PRIVATE LIMITED



Date: 14<sup>th</sup> December 2017

Ref: AESPL/CERC/GNA/01

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

Subject: Comments/Suggestion on draft Grant of Connectivity and General Network Access to the inter-State transmission system and other related matters Regulations, 2017

Dear Sir,

Amplus Energy Solutions Private Limited is a market leader in providing distributed solar and energy solutions to industrial and commercial customers in India. Amplus owns and manages a portfolio of operational and under-construction solar rooftop plants of 167 MW, serving more than 40 customers at over 200 locations under its brand 'Amplus Solar' and 'M+ Solar'. In addition to rooftop, we are also executing a 250 MW ground mounted solar projects in Karnataka, Rajasthan, Tamil Nadu and Madhya Pradesh.

Amplus is backed by I Squared Capital, a global private equity fund focused on developing long-term sustainable infrastructure assets. We are also the first company to secure INR 200 Cr. funding from World Bank through State Bank of India. Amplus has a pan India presence and has the largest dedicated team of experienced professionals in the rooftop and distributed generation segment. The company works on Build Own Operate Transfer (BOOT) basis and is an end-to-end solution provider – including Design, Engineering, Procurement, Construction, Monitoring and Maintenance.

We welcome initiative of Hon'ble Central Electricity Regulatory Commission (CERC) on notifying the draft regulation of *"Grant of Connectivity and General Network Access to the inter-State transmission system and other related matters, 2017"* to improve the backbone of competitive electricity market i.e. transmission infrastructure. We are committed to work with CERC in its all initiative to improve the synchronization between licensed activity of transmission and de-licensed coupled with open access (OA) with the concept of "General Network Access" (GNA) for the enhancement in Indian power sector. In this regard, we are submitting our comments (Refer – Annexure I) on the paper for your consideration.

Thanks for your consideration.

Sincerely Yours,

For Amplus Energy Solutions Private Limited

## Annexure – I

### *Comments on draft Grant of Connectivity and General Network Access to the inter-State transmission system and other related matters Regulations, 2017*

#### **1. Applicant for Connectivity**

**2.1 (c)-iii** *“Any renewable energy generating station of 5 MW capacity and above but less than 50 MW capacity developed by a generating company in its existing generating station and seeking connectivity to the inter-State transmission system through the electrical system of the existing generating station”*

##### **Our Comments:**

The connectivity of inter-state transmission system is also required for under construction generating plants. Therefore, we request Hon’ble commission to include the projects under construction also for the transmission connectivity.

#### **2. Lead Generator**

**2.1(w)** *“Means a generator who is authorized through a formal agreement by other generators located in a geographically contiguous area for seeking interconnection with the ISTS at a single connection point and undertakes all operational and Commercial responsibilities.”*

##### **Our Comments:**

There could be a case where two generators are nearby located and both will acquire land on the basis of their preference. Hence there can be a possibility where two generators are adjacent to each other but do not have same lead generator hence in this case both generators having the same lead generator cannot fall in a geographically contiguous area. So, our suggestion is “in nearby vicinity” should be included in the definition of “Lead Generator”.

#### **3. Term of Medium-Term Contract**

**2.1 (y)** *“Power Purchase Agreement or sale purchase agreement between buyer and seller for sale or purchase of electricity for a period equal to or exceeding 1 year but not exceeding 5 years.”*

##### **Our Comments:**

As per present draft regulation, Long-Term contract is for 7 years or more and Medium-Term contract is up to 5 years. The gap between both type of contracts is 2 years, which needs to be comprised by this regulation for more clarity in agreements. So, we would like to request the Hon’ble commission revise the time frame for Medium-Term contract and extend it up to 7 years.

#### **4. Normative value of Auxiliary Consumption**

**7.2** *“An applicant shall apply for Connectivity to the nodal agency for a quantum equal to installed capacity of generating station less auxiliary power consumption in the specified format as approved by the Central Commission.”*

## **Our Comments:**

The basis of the Auxiliary consumption for RE generating plants needs to be clarified, as there is no direction of normative value in present draft. Hereby, we suggest that commission should consider the normative value of Auxiliary Consumption form prevailing “RE tariff Regulations” of CERC and it’s subsequent amendments for all RE generating plants.

## **5. Financial closure for Stage-II connectivity application for RE Generating Plants**

**7.9 (c)** *“An Applicant other than a merchant power plant shall be eligible to apply for Stage-II Connectivity on achieving following milestones:*

*(i) Financial closure of the project developer has been completed.*

*(ii) Award of project through bidding by any entity authorised by the Central Government or State Government for 50 MW and above;*

*or*

*Execution of Long Term PPA under the provisions of Act for at least 50 MW”*

## **Our Comments:**

Linking financial closure and connectivity procedure is going to make it ever revolving issue. As augmentation of transmission line is time consuming process in comparison with the installation of the solar power projects, also it necessitates extra construction phase to setup new transformer/bay in few cases. The connectivity arrangement has to be shown during the time of financial closure and project financing contains all the necessary expenditures related to augmentation and connectivity. Moreover, Financial closure is related to solar projects and it is not appropriate to relate it for grant of stage-II connectivity of the project.

So, We are requesting you to remove the above mentioned first clause from the regulation.

## **6. BG for Bay Implementation**

**7.9-(e)** *“The Application for Stage-II shall be accompanied by a Bank Guarantee or Letter of Guarantee (BG or LG) @ Rs. 5 Lakh/MW for the purpose of bay implementation in accordance with the Bay Implementation Agreement with CTU”.*

## **Our Comments:**

As renewable energy developers are already overburdened with other BG and LC for registration process of solar/wind power plant along with payment security in case of SECI bidding. We are requesting Hon’ble commission that submission of BG for bay implementation shouldn’t put in mandatory provision. Also, point 7.21 of this draft regulation provides minimum two alternative location for grant of connectivity. So, Hon’ble commission may enforce it for case to case basis where

bay implementation is required in CTU/PGCIL substation. Further most of the CTU/PGCIL substation contain empty bay under coordinated transmission planning for future implementation.

## 7. Granting of Looping-in and Looping-out (LILO)

**7.21** *“In case connectivity is to be granted by looping-in and looping-out (LILLO) of an existing or proposed line, the nodal agency shall specify the point of connection and name of the line at which connectivity is to be granted.....In case of Renewable Energy Generating Station while granting Connectivity, the nodal agency shall indicate one firm location and one nearby alternative location”*

### **Our Comments:**

Commission hasn't provided any interim arrangement to provide startup power in case of connectivity granted by LILLO. In addition to that due to lack of brief process of approvals required in this case, prohibits seamless implementation. So, nodal agency shall specify the brief steps of approvals required for transmission connectivity by LILLO under this regulation.

## 8. Treatment of Start-up power

**7.38** *“The start-up power or infirm power so interchanged as provided in Regulation shall be treated as deviation and shall be regulated in terms of Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) Regulations, 2014, as amended from time to time or subsequent re-enactment thereof.”*

### **Our Comments:**

Start-up power is mainly utilized for the purpose of auxiliary consumption and testing on pre-commissioning phase. It will be unfair to bring start-up power under the purview of Deviation and settlement mechanism as it's requirement is on actual basis. Also, SCADA/Real time monitoring system might not be installed for the projection of deviation data during pre-commissioning phase. Therefore, we request Hon'ble commission to remove the Start-up power under the purview of deviation settlement mechanism (DSM) but must be guided by the respective RLDC/SLDC.

## 9. Transmission charges for Dedicated Transmission Lines

**8.4 (i)** *“Where the dedicated transmission lines have already been constructed or are under construction by ISTS Licensee (including deemed licensees) under coordinated transmission planning: (i) The transmission charges for such dedicated transmission lines shall be payable by the concerned generating company to the transmission licensee from the date of COD of the dedicated line till operationalization of GNA of the generating station in terms of Regulation 22 of these Regulations.”*

### **Our Comments:**

Charging transmission charges before operationalization of GNA should be considered as unfair business practice. In case dedicated transmission line is already constructed or under construction phase under transmission planning, transmission should be charged from generators after GNA is operationalized. Point 22.1 and 22.2 of this draft regulation emphasized below:

*22.1 "GNA customer shall pay transmission charges for the quantum of GNA operationalized"*

*22.2 "Transmission system shall be entitled to tariff only after corresponding GNA is operationalized"*

So, Hon'ble commission should clarify that transmission charges shall be charged only after operationalized of the GNA in case of constructed dedicated transmission line.

## 10. Access Bank Guarantee

*11.7 "The GNA Application shall be accompanied by Access Bank Guarantee of Rs. 20,00,000/- (Rupees Twenty Lakh only) per MW for the quantum of GNA sought. The Access Bank Guarantee shall be in favor of "Central Transmission Utility", as per FORMAT-GNA-4..... Access Bank Guarantee for renewable energy generating station or Solar Power Park Developer or Wind Power Park Developer or Wind-Solar Power Park Developer shall be Rs. 10 lakh/MW"*

### **Our Comments:**

The Proposed rate of access bank guarantee rate of BG of Rs 10 Lakhs per MW is very high. In addition to this a bank guarantee of Rs 5 lakh/ MW is to be submitted for bay implementation for stage-II connectivity. So, the total required BG amount till the actual exchange of power from project to ISTS network is 15 Lakhs/ MW.

As per clause no 24 (ii)(v) of "Detailed Procedures of Central Transmission Utility" Regulation 2009 by Central Electricity Regulatory Commission an applicant of LTA has to submit a construction Bank Guarantee at Rs. 5 lakh/MW. The relevant clause is reproduced for your reference.

***"(v) Applicant shall submit construction phase bank guarantee of Rs. 5 lakhs per MW for the quantum of long-term access sought "***

Further As per clause no 12.3 & 12.4 of the same regulation 2009 application of LTA shall be accompanied by a Bank guarantee of Rs 10,000/ MW and this BG will remain valid till execution of LTA agreement in case of augmentation of transmission system is required the both clauses have been reproduced below for your reference.

**12(3) The application shall be accompanied by a bank guarantee of Rs 10,000/- (ten thousand) per MW of the total power to be transmitted. The bank guarantee shall be in favour of the nodal agency, in the manner laid down under the detailed procedure.**

**12(4) The bank guarantee of Rs. 10,000 /- (ten thousand) per MW shall be kept valid and subsisting till the execution of the long-term access agreement, in the case when augmentation of transmission system is required, and till operationalization of long-term access when augmentation of transmission system is not required.**

In connectivity regulation 2009 there is no requirement of BG for connectivity.

The proposed rate of BG of Rs. 10 Lakh/ MW is ten times increase from the existing rate, such substantial increase in the amount of BG will increase financial load on the generators. Renewable energy developer is already burdened with high amount of bank guarantee required to be provided at each and every step of activities. The requirement of such a high amount BG as Access bank guarantee for GNA after submitting stage-I application fess is financial burden for the developer. We would therefore request you to minimize it.

## 11. Exemption of ISTS transmission charges and losses

**27.7** *"In the event of delay in commissioning of concerned transmission system from its scheduled date, CTU shall make alternate arrangement for dispatch of power at the cost of the transmission licensee. The interim arrangement so provided shall be removed with commissioning of actual planned system."*

### **Our Comments:**

Ministry of Power vide its letter dated 30.09.17 has exempted ISTS transmission charges and losses on wind and solar power projects entering PPA for sale of electricity to the distribution licensee for compliance of their renewable purchase obligations. The above exemption is applicable on wind and solar power projects commissioned till 31.03.19 and shall be applicable for 25 years from the date of commissioning.

We request commission to make applicable the above-mentioned waiver in case of existing ISTS solar and wind transactions (as per the prerequisites mentioned by MoP) and proposed interim arrangement also.

## 12. Other Suggestions:

(a) Renewable Energy Generating Station or Solar Power Park Developer who have been granted connectivity to ISTS and have not been physically connected to ISTS as on date of notification of this regulation, shall be deemed to grant GNA.

(b) **Banking:** Banking should be introduced for all interstate solar transactions, so that it can address the barrier associated with variable nature of generation and maximize the use of energy resources.

## AMPLUS ENERGY SOLUTIONS PRIVATE LIMITED



Example: Let a CTU connected ISTS solar generator plant having PPA with STU connected bulk consumer in a different state. For initiating inter-state transactions of power, generator and consumer both have to get access of GNA and approval of long-term transmission agreement. Now in case of congestion in regional transmission network pre-scheduled power couldn't be consumed by the off-taker. In addition to that generator will face financial losses, as solar power generation can't be rescheduled due to 'must run' nature of the plant. Here, Banking provide the support mechanism to generator under which a generator earns credit for excess solar power supplied to the grid.

Hence, banking plays a key role to achieve more cost-effective deployment of investment and integration of more solar generation capacity. So, to support more inter-state solar transactions 'Banking' should be included in the regulation.