



14th January, 2018

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

Subject: Comments, Suggestion and Objections on “**Draft CERC (Grant of Connectivity and General Network Access to the Inter-State transmission system and other related matters) Regulations, 2017**”.

Reference: L-1/229/2017- Draft CERC (Grant of Connectivity and General Network Access to the Inter-State transmission system and other related matters) Regulations, 2017.

Dear Sir,

Indian Wind Turbine Manufacturers Association (IWTMA) is an association registered at Chennai to represent the interest of various stakeholders in wind energy sector across various states in India.

IWTMA is in existence over 17 years and has played a role of an important stakeholder in wind power industry development. Our members offer turnkey solutions to the investors and take an active role in policy and regulatory intervention both at Centre and State and look at challenges as an opportunity to move this sector as we believe the wind power is "The Power of now and Future".

This is with reference to the notification published by CERC on Draft CERC (Grant of Connectivity and General Network Access to the Inter-State transmission system and other related matters) Regulations, 2017 inviting comments/suggestions on the same. Our comments to the said publication are elaborated under **Annexure I** enclosed herewith.

I, O.P. Taneja, am duly authorized by Indian Wind Turbine Manufacturers Association to file these comments/suggestions on its behalf. I would also request you to allow us to present our views to commission in person in the hearing on this matter.

Thanking you,
Yours truly,

O.P. Taneja
Indian Wind Turbine Manufacturers Association

Encl: Annexure-1(as above)

Annexure-I:

Comments in the matter of CERC (Grant of Connectivity and General Network Access to the Inter-State transmission system and other related matters) Regulations, 2017.

| Regulation Reference | Provisions under draft Regulation | Comments / Suggestion by IWTMA |
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| <p>Definitions</p> <p>Applicant for Connectivity (Reg 2.1 (c)(iv))</p> <p>Applicant for GNA (Reg 2.1 (c)(iv))</p> | <p>“Applicant for Connectivity” means: (iii) (iv) Any company authorised by the Central Government or the State Government as: a. Solar Power Park Developer or b. Wind Power Park Developer or c. Wind-Solar Power Park Developer</p> <p>“Applicant for GNA” means the following in respect grant of GNA (i) Applicants covered under Regulation 2(1)(c); or</p> | <ul style="list-style-type: none"> • At the outset, we wish to humbly submit that the Hon’ble Commission has rightly recognised the concept of Wind Power Park Developer (in addition to Lead Generator or Principle Generator or Solar Park Developer through amendments), which has been major issue from implementation of earlier Connectivity, Long term and Medium Term Open Access Regulations. • However, we wish to humbly submit that considering the nature of wind power development in the country and role played by Developers/OEMs, in terms of initial resource assessment, land and other infrastructure development, there is need to expand the Definition to cover “Wind Power Developer” as well as “Wind Power Park Developer”. • In our humble submission, as per MNRE estimates; wind power potential in India exceeds 300 GW (at 100 m) whereas installed wind power capacity is only 34 GW (~11% of potential) has so far been harnessed. Even if, National target 60 GW of wind energy by 2022 is to be achieved then, there is scope for several Wind farms/Wind power plants to be developed. There are several Wind Power Developers in the country that can develop 250 MW+ wind power projects apart from park concept. • Further, we would like to humbly submit that at present there are no guidelines by MNRE or under draft Wind Policy/Mission to approve/authorise Wind Park Developer by Central Government. |

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| | | <ul style="list-style-type: none"> • Under the circumstances, it would be prudent to expand the definition of Applicant for Grant of Connectivity and Grant of GNA to cover Wind Power Developer and Wind Power Park Developer as authorised by Central Government. |
| <p>Central Repository (Reg 2.1 (f) and Reg 7.1)</p> | <p>2.1 (f) “Central Repository” means a database maintained by Central Electricity Authority in case of conventional energy and <u>by any other authority as notified by the Central Government in respect of renewable energy.</u></p> <p>7.1. An Applicant <u>shall be eligible to apply for Connectivity</u> after it registers itself at the Central Repository.</p> | <ul style="list-style-type: none"> • IWTMA appreciates the need for Central Repository as stipulated under the Regulations. However, we would like to humbly submit that as on date Central Government has not specified any Central Repository for Renewable Energy. • Hence, stipulating the condition under Regulation 7.1 that RE Generators/Developers <u>shall not be</u> eligible to apply unless registered with Central Repository, no applications from RE Generators can be processed until Central Government notifies such Central Repository for Renewable Energy. • Instead, we would like to suggest that the Regulation 7.1 may be amended or proviso be included to suggest that until Central Government notifies separate Central Repository for Renewable Energy, MNRE or CEA (Authority) can be considered as Central Repository for the purpose of these Regulations. |
| <p>Application Fee (Reg. 5.2)</p> | <p>“5.2. The application shall be accompanied by a non-refundable application fee specified hereunder for the quantum applied, and shall be payable by Applicant along with the application for.....”</p> | <ul style="list-style-type: none"> • IWTMA would like to submit that the application fee for connectivity (lower limit of Rs 4 Lakh for 100 MW) and for GNA applications (lower limit of Rs 4 Lakh for 100 MW) is significantly on higher side as compared with the existing application fee for ISTS connectivity as specified in CERC (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) Regulations, 2009 (hereinafter referred as ‘CERC Connectivity Regulations, 2009). • IWTMA would like to humbly submit that the Fees for application processing (connectivity or GNA) should be reflective of the underlying costs and efforts involved in the application processing by Nodal Agency (i.e. CTU) considering |

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| | | <p>60 days timelines for processing and it should not be prohibitive.</p> <ul style="list-style-type: none"> The application fees for connectivity and GNA has been increased two times as compared with the application fees for connectivity and LTOA/MTOA/STOA under CERC Connectivity Regulations, 2009. |
| <p>Connectivity Application Process (Reg. 5.5)</p> | <p>“5.5 Connectivity Application for renewable energy generating station or Solar Power Park Developer or Wind Power Park Developer or Wind-Solar Power Park Developer shall be in two stages viz Stage-I and Stage-II in accordance with Regulation 7.5 and Regulation 7.9 of these Regulations. The applications for Stage-I and Stage-II can be applied together if the eligibility requirement as specified in these Regulations for applying for Stage-II have been fulfilled as specified in Regulation 7.9.”</p> | <ul style="list-style-type: none"> IWTMA humbly requests to the Commission that it should be clarified for the purpose of 2 stage connectivity process for Renewable Energy Generators. Two stages connectivity application process is time consuming and complex process, it will further enhance complexity for connectivity approval for RE generators seeking Connectivity and GNA to ISTS. In case, two stage process is necessary, there should be ample clarity regarding the transfer, surrender, partial transfer, partial surrender of capacity in case of delay in further process once stage-I connectivity is granted and application for stage-II cannot be taken up for reasons beyond control of the Generator/Developer etc. There are significant risks and investments associated with the development phase, and connectivity permission forms only one part of the development risk. The Generator(s)/ Developer(s) would need ample clarity and mitigation options to minimise the costs/investments made into development phase in case of delays beyond their reasonable control despite best efforts. The Regulations should have suitable provisions enabling such transfer, surrender, partial transfer, partial surrender during mid-course of project development. Further, the process and documentation requirement for Stage-I application incl. Land identification needs to be elaborated further. Hence, IWTMA requests that the connectivity procedure for RE generators should address the concerns raised hereinabove |

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| | | and suitable enabling provisions should be made under Regulations. |
| Conditions for Grant of Connectivity (Reg 7.5) | <p><i>“7.5. A Renewable Energy Generating Station or Solar Power Park Developer or Wind Power Park Developer or Wind-Solar Power Park Developer shall submit, along with its Stage-I Connectivity application: (a) A copy of Board Resolution, if Applicant is a company. (b) Project Report regarding intended type of project, implementation plan (c) Site identification wherever undertaken: Details about the land required for the project along with extent to which the same have been acquired and taken possession of or leased. (d) Environmental clearance: Status on submission of requisite proposal, for the environmental clearance, to the concerned administrative authority (first level submission), as applicable. (e) Forest Clearance for the land: Status of proposal for the forest clearance to the concerned administrative authority (first level submission), as applicable. (f) Authorisation issued by Central Government or State Government, as applicable.”</i></p> | <ul style="list-style-type: none"> • IWTMA humbly submits that land location should not be made mandatory, as it is difficult to provide exact location until land clearances received by the applicant. Hence, applicant could be asked to submit tentative location of project site. |
| Application process for Grant of Connectivity for Stage-II | <p>“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</p> | <ul style="list-style-type: none"> • IWTMA would like to highlight that proposed requirement of Bank Guarantee (Rs 5 Lakh/MW) at Stage-II for the purpose of bay implementation would be too onerous for RE generators. • We wish to humbly submit that as per various provisions under |

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| <p>(Reg 7.9)</p> | <p>implementation in accordance with the Bay Implementation Agreement with CTU.....”</p> | <p>proposed draft CERC Connectivity and GNA Regulations, RE generators are expected to pay application fee for Connectivity (min Rs 4 Lakh for 100 MW), application fees for GNA (min Rs 4 Lakh for 100 MW), Access Bank Guarantee (Rs 10 Lakh per MW) and furthermore Bank Guarantee (Rs 5 Lakh per MW) for the purpose of bay implementation.</p> <ul style="list-style-type: none"> • We wish to humbly submit that the fees, charges and security to be stipulated for operationalizing connectivity and GNA should be reflective of the underlying costs and risks required to be borne by RE Generator(s) and RE Developer(s). Besides, considering the nature of development of RE projects (unlike Conventional Generating stations) wherein multiple generating units/parties with different off-take arrangement(s) could be connected to particular Grid Substation (400 kV or 220 kV), the commissioning and utilization of Grid Substation / Line capacity is bound to be exploited in stages over the period. • Accordingly, CEA planning standards and planning criteria have also recognized separate dispensation for Transmission Planning for Wind and Solar Generating Stations. Further, Hon’ble Commission under the IEGC have also recognized separate dispensation for Wind/Solar Generating Stations under its Operating Code (Scheduling and Dispatch Code). • Under the circumstances, it is necessary that Connectivity Code/ Conditions / Fees & Charges as well as Security requirements for Wind/Solar Connectivity/ GNA process should be reflective of this understanding and specific requirements for Wind/Solar power development. • Hence, IWTMA requests to the Commission that Bank Guarantee for the purpose of Stage-II application / Bay implementation from RE generators may be limited to Rs 1 Lakh per MW instead of Rs 5 Lakh per MW. |
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| <p>Dedicated Transmission Line (Reg 8.1)</p> | <p>“8. Construction of Dedicated Transmission Line : 8.1 The dedicated transmission line from switchyard of generating station or Solar Power Park Developer or Wind Power Park Developer or Wind Solar Power Park Developer to the pooling station of the transmission licensee (including deemed transmission licensee) shall be developed and owned and by the applicant and shall be operated by CTU as per Regulation 7.25. The specifications for dedicated transmission lines shall be indicated by CTU while granting Connectivity. ”</p> | <ul style="list-style-type: none"> • IWTMA would like to submit that as per prevailing CERC Connectivity Regulations, 2009 CTU is responsible for construction of dedicated transmission line for generating station using renewable sources of energy of capacity of 250 MW and above. However, in the proposed CERC Connectivity and GNA Regulations the applicant shall develop dedicated transmission lines. It will increase capital cost for RE developers and would adversely affect viability of renewable projects. • Proviso to clause (8) of Regulation 8 of CERC Connectivity Regulations 2009 is extracted below : • <i>“Provided that a thermal generating station of 500 MW and above and a hydro generating station or a generating station using renewable sources of energy of capacity of 250 MW and above, other than a captive generating plant, shall not be required to construct a dedicated transmission line to the point of connection and such station shall be taken into account for coordinated transmission planning by the Central Transmission utility and Central Electricity Authority”</i> • Hence, IWTMA humbly requests that dedicated transmission lines should be developed by CTU as per prevailing clause of CERC Connectivity Regulations, 2009. |
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| <p>Point of Commercial Metering (Reg 10)</p> | <p>10. Point of Commercial Metering – <i>“Metering shall be done at the interface point of connection of the generator with transmission system of licensee as specified in the CEA Metering Regulations subject to following: (a) In case dedicated transmission Lines are owned/ constructed by a generator, such metering point shall be at the pooling sub-station of ISTS licensee. (b) In case generator is connected to more than one pooling station, metering shall be at the bus bar of the generating station.”</i></p> | <ul style="list-style-type: none"> • In this context, IWTMA would like to humbly submit that the Commission has clearly specified Interconnection Point / Metering Point in case of Wind / Solar Generating Stations, as part of CERC RE Tariff Regulations and IEGC. Even, the metering points for the purpose of scheduling and deviation accounting has been clearly stipulated as part of Deviation Settlement Mechanism (DSM) Regulations. • Under the circumstance, it needs to be ensured that provisions under different Regulations of the Commission (viz. RE Tariff Regulations, IEGC, DSM Regulations and Connectivity/GNA Regulations) are consistent and there is no room for interpretation of various provisions differently. • Further, IWTMA humbly wishes to seek clarification from the Hon’ble Commission with regard to commercial metering point in case of LILO arrangement. Position/ Point of commercial metering for LILO should be stipulated under the Regulations. |
| <p>Time Period for General Network Access Application (Reg 11.1 and Reg 16.1)</p> | <p>11.1 The Applicant seeking GNA to inter-State transmission system shall file application <u>within two and half years</u> from the date of intimation of grant of : (a)..... (b) Stage-I Connectivity for renewable energy generating station or Solar Power Park Developer or Wind Power Park Developer or Wind-Solar Power Park Developer by CTU. The Application seeking GNA shall be accompanied by requisite application fee, status of updated</p> | <ul style="list-style-type: none"> • IWTMA would like to highlight that as per CERC Connectivity Regulations 2009, prior approval for availing connectivity was 3 years, which is enhanced and proposed to 5 years in draft CERC Connectivity and GNA Regulations. • Relevant extract of Proviso of Clause 1 of Regulation 12 of CERC Connectivity Regulations, 2009 • <i>“Provided also that the exact source of supply or destination of off-take, as the case may be, shall have to be firmed up and accordingly notified to the nodal agency at least 3 years prior to the intended date of availing long-term access, or such time period estimated by Central Transmission Utility for augmentation of the transmission system, whichever is lesser,</i> |

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| | <p>filing with Central Repository, Access Bank Guarantee, date of start of GNA and such other details as per attached formats.</p> <p>16.1. The new generation project intending to avail the transmission services from ISTS shall apply for GNA five (5) years prior to the expected date of commissioning of first unit of generation project. <u>Renewable energy generators including Solar Power Park Developer, Wind Power Park Developer, Wind-Solar Power Park Developer shall apply for GNA two (2) years prior to the expected date of commissioning</u> of their generation project considering their low gestation period. The Applicant shall provide updated status of progress of generating station or park developer through Central Repository to CTU to facilitate the transmission planners to evolve optimal transmission plans.</p> | <p><i>to facilitate such augmentation;</i></p> <ul style="list-style-type: none"> • Further, it is also submitted that application for grant of GNA at least 2 years prior to expected COD, in case of Renewable Energy generator may not be proper. It is evident from recent bidding trends of Renewable Energy that typical time for commissioning of any RE technology is not more than 18 month. Hence, it is very difficult for any wind developer to assess the need of prior approval of GNA and further, 2 year is large time span for prior approval of GNA; which may be curtailed to at least one year. • Hence, it is requested that prior approval for GNA in case of Renewable Energy should not be more than 12 months. |
| <p>Access Bank Guarantee (Reg 19.1)</p> | <p>19. Access Bank Guarantee 19.1. GNA Applicants other than STUs shall be required to submit Access Bank Guarantee of Rs. 20 lakh/MW. Access Bank Guarantee for Solar or Wind park developers or Renewable generators shall be Rs. 10 lakh/MW.”</p> | <ul style="list-style-type: none"> • As per the prevailing provisions of CERC Connectivity Regulations, 2009, Bank Guarantee required to pay for Long term Access is Rs 10,000/MW. However, in the instant draft regulations Access Bank Guarantee amount has been proposed to raise upto Rs 20 lakh/MW (for RE Rs 10 lakh/MW), which is too onerous for RE developer to sustain in such a competitive market. • Relevant clause of Regulation 12 of CERC Connectivity Regulations, 2009 is extracted as below:- • “(3) <i>The application shall be accompanied by a bank</i> |

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| | | <p><i>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.”</i></p> <ul style="list-style-type: none"> • In this context, IWTMA would like to humbly submit that the provisions of Access Bank Guarantee also has bearing on the provisions related to transfer, surrender, partial transfer and partial surrender. • Hence, it is requested that BG requirement should be reflective of underlying costs and risks to be borne by RE Generator(s)/Developer(s). Accordingly, the Commission may stipulate Access BG requirement of Rs. 50,000 per MW instead of Rs. 10 Lakh per MW for RE. |
| | <p><i>“25. Transition phase between prevailing LTA Regulations and new proposed GNA mechanism</i> <i>25.2 For generating stations where LTA (including target region) has been sought for part capacity and the same has already been operationalized or has not been operationalised, the generating station shall apply for GNA for additional quantum (balance quantum for which there is no LTA) within 3 months from the date of notification of these Regulations. CTU shall grant GNA to such generating stations from the date of availability of transmission system”</i></p> | <ul style="list-style-type: none"> • As per clause 25.2, it is being made mandatory to apply for balance quantum for which there is no LTA. However, if generator wishes to operate the plant on merchant basis then it needs to be clarified under which provision generator will be covered. • Besides, the condition of registration with Central Repository of RE Generator(s), in the absence of notification of any Central Repository by Central Government, makes this provision to be non-operative. |