

To,

14 Dec 2017

The Chairman,
Hon'ble Central Electricity Regulatory Commission
3rd Floor, Chanderlok Building,
36, Janpath, New Delhi

Sub: Feedback Submission on the Draft Notification (No. L-1/229/2017 - CERC) dated 14 Nov 2017, called the CERC (Grant of Connectivity and General Network Access to the inter-State Transmission system and other related matters) Regulations, 2017.

Hon'ble Sir,

We appreciate the proactive approach of the Hon'ble Commission in coming up with sector specific regulations for sustainable development of power sector in the country. The CERC (Grant of Connectivity and General Network Access to the Inter-State Transmission System and other Related Matters) Regulations, 2017, which are drafted for ease of Inter-State Transmission of power, are very much needed to improve the power availability scenario across the country.

We, at Ostro Energy Pvt. Ltd, one of the successful bidders of SECI-I wind bids have gone through the connectivity guidelines issued by the Hon'ble Commission and here with submit our suggestions and observations for consideration with Hon'ble Commission. We strongly believe that the proposed suggestions from our side will contribute further in strengthening the proposed regulations.

Apart from various suggestions in the attached Annexure-I, we would like to highlight the following points for your kind consideration:

1. For Stage I connectivity allow only proof of setting up met mast as qualification criteria.
2. Relaxation in BG and timelines for bid winners of SECI Bid-I so that projects are commissioned on time
3. Changes should be prospective in nature, the projects under execution under SECI 1 and 2 will be jeopardized and will not be able to meet timeline requirements as per the bid, which will have commercial implication on the project
4. The SECI bids and Grant of connectivity process should complement each other and not put extra burden on the developer (for e.g.- BGs as applicable in PPA should not be asked under GNA)
5. We would still insist that Assignment and transfer of Connectivity be prohibited.

We seek continuous support from Hon'ble CERC to promote renewable energy/ green energy in the country.

Best Wishes,

For Ostro Energy Pvt. Ltd.


Sandeep Kumar Rai, Regulatory Affairs

Annexure I: Draft comments

Annexure-I: Proposed Feedback on the CERC (Grant of Connectivity and GNA to ISTS and other Related Matters) Regulations, 2017

| S. No. | Clause No. | Description | Proposed | Comments |
|---------------|-------------------|---|--|--|
| 1. | 2.1 (c)(iii) | ...in its existing generating station... | ...in its existing / under construction generating station with firm PPA | The winners of SECI-I are already in the construction phase of the ISTS connected project |
| 2 | 2.1 (w) | 'Lead Generator' | Need further detailing | Need to define further. What will be the criteria and process to decide/appoint Lead Generator. This clarity is needed to avoid any connectivity conflict with Lead generator on its allocated bay |
| 3 | 7.5 (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 | Need to Review and delete this clause for R E Generators | A rough estimate of location can be given at this point of time as specific locations can only be given after the wind data is available |
| 4 | 7.5 (d) | Environmental Clearance: Status on submission of requisite proposal, for the environmental clearance, to the concerned administrative authority | Need to review and delete this clause | Not required in case of R E projects. Also, at the time of Stage 1 connectivity application, its not possible to even finalize EC paperwork in absence of land. |
| 5 | 7.9 (c) (i) | Financial Closure of the project developer has been completed | This criterion should be deleted | <ol style="list-style-type: none"> 1. Financial Closure is already a timebound milestone in the PPA document. Thus, this should not be the criteria for applying Stage-II Connectivity 2. LTA (GNA) is specified as a requirement of Financial Closure (FC). Therefore, not possible to give FC without GNA 3. Projects are to commissioned within 6-9 months of FC. Therefore, |

| | | | | |
|----|---------|--|--|--|
| | | | | seeking Stage-II after FC is not possible |
| 8 | 7.35(a) | Injection of infirm power shall not exceed 6 months from the date of first synchronization | Need Clarity | Need Clarity on this Clause: -Does infirm power mean start-up power for synchronization? How is infirm power defined for R E Generators? |
| 9 | 7.38 | The start-up power or infirm power so interchanged as provided in Regulation 7.34 and 7.35 of these regulations by the unit of the generating plant shall be treated as deviation. | Not required for R E Generators. Request Deletion. | Start-up power should not be part of deviation mechanism as it is impossible to predict the required quantum. In wind projects, whenever wind is not blowing, but the plant is connected to the grid, it draws power from the grid for start-up and this quantum is not predictable. |
| 11 | 16.1 | Renewable energy generators...shall apply for GNA two years prior to the expected date of commissioning of their generation project considering their low gestation period | Need Review – requesting deletion | The total time provided for completion of RE project is around 18 months from PPA. To apply for GNA 2 years prior to commissioning is not feasible in light of the above. |
| 12 | 19.1 | GNA Applicants other than STUs shall be required to submit Access Bank Guarantee of Rs 20 lakh/MW. ABG for solar or wind park developers or Renewable Generators shall be Rs 10 lakh/MW. | Need Review – requesting deletion | This amount is too high. Developers are already giving PPA BG of Rs 20 L/MW at the time of signing of PPA and another BG at time of Stage II connectivity. Therefore, there is no justification for asking for another BG at time of GNA. |
| 13 | 22.4 | The Applicant granted GNA as per these regulations shall be required to establish payment security mechanism in the form of Letter of Credit before operationalization of GNA as per the Sharing Regulations. However, establishment of payment security mechanism shall not be a precondition for operationalization of GNA | Need Review – requesting deletion | Payment Security mechanism shall be from the beneficiary or as per the agreement (PSA/PPA) between the R E Generator and the beneficiary |

| | | | | |
|----|------------|--|--|--|
| 14 | 22.5 | The effective date of GNA shall be the date indicated in the letter of grant of GNA or GNA Agreement or from the availability of the transmission system for operationalization of GNA, whichever is later and the liability of payment of transmission charges shall begin from this date | The effective date of GNA shall be the date indicated in the letter of grant of GNA or GNA Agreement and the liability of payment of transmission charges shall begin from this date | This clause is totally biased in favor of CTU. If the date of GNA sought is not acceptable, then PGCIL should mention in the beginning itself. The phrase “whichever is later” means that while generator has to pay the liability if he is delayed, but there is no provision for compensating him for the delay caused by the CTU. |
| 15 | 24.1 | In case GNA Customer intends to exit from GNA it shall be disconnected from the grid from the intended date of exit and the GNA Customer shall be liable to pay relinquishment charges | Need further clarity | If part GNA is relinquished then what is the process? |
| | 24.2 | Relinquishment charges | Needs further clarity | Needs to be defined. The proposed charges are ambiguous and are in addition to Erstwhile Regulations |
| 16 | 25.6 | Renewable Energy Generating Station or Solar Power Park Developer who have been granted Connectivity to ISTS and have not been physically connected to ISTS on date of notification of these regulations shall be deemed to have been granted Stage-I Connectivity and they shall apply for Stage-II Connectivity Application as per these regulations | Need Review – requesting deletion | The Winners of SECI Bid – I for ISTS projects and have got bay connectivity agreement in place for ISTS Connectivity before release of these draft regulations, should be exempted from timelines and payment of BG under these regulations. |
| | New Clause | | Renewal of term of connectivity | Need to be incorporated. As per Regulation 17 of Erstwhile Regulation, renewal of term of term of connectivity is allowed, however, the same is missing in these regulations |