

Sembcorp Green Infra Limited (SGIL) Comments / Suggestions on Draft Central Electricity Regulatory Commission (Grant of Connectivity and General Network Access to the inter-State transmission system and other related matters) Regulations, 2017

Sl. No.	Reference	Relevant Extract	Proposed Change in the Clause	Comments / Suggestions
1	Clause 2 Definitions;	Applicant for connectivity : 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 of the description referred to in sub-clauses (i),(ii) above and seeking connectivity to the inter-State transmission system through the electrical system of the existing generating station;	Any renewable energy generating station of 5 MW capacity and above developed by a generating company in its existing generating station of the description referred to in sub-clauses (i),(ii) above and seeking connectivity to the inter-State transmission system through the electrical system of the existing generating station;	There is no reason why there should be an upper cap on the capacity of the project being installed with an existing generation station
2	Clause 3 Clause 25	3.3. Generating stations who are already connected to the ISTS grid for part of their installed capacity shall seek Connectivity and GNA to ISTS for balance capacity. 25.3. In case no application is received from the generating stations as per clause 25.2 within the	To be deleted	Generator should have the flexibility to utilize full or partial quantum of generation and to utilize its plant as PPA or merchant plant. Some plants may be peaking/seasonal and may not be in a position to generate power for 365 days. Regulations should allow for such flexibility and Compulsion in taking Long term access is

		stipulated time, such generating station shall not be allowed to schedule power beyond the quantum of LTA till it applies for GNA.		against such spirit.
3	Clause 6.1	Timeframe for Processing of application.	Add “upto” before the limit of number of days required.	To explore any early possibility accepted to the applicant and CTU both.
4	Clause 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 Connectivity and GNA:-	The application shall be accompanied by a non-refundable application fee specified hereunder for the quantum applied , and shall be payable by Applicant / Parent Company / Lead Consortium Partner along with the application for Connectivity and GNA:-	Project SPV may be formed on letter dates, in such cases Connectivity and GNA application and respective fee should be accepted from the 100% parent Company or Lead Consortium Partner.
5	Clause 5.5	All application fees are to be directly credited to POWERGRID Account electronically through National Electric Fund Transfer (NEFT)/ Realtime Gross Settlement (RTGS) which shall be notified separately by CTU on their website.	All application fees are to be directly credited to POWERGRID Account electronically through National Electric Fund Transfer (NEFT)/ Realtime Gross Settlement (RTGS)/ Immediate Payment Service (IMPS)/ Unified Payment Interface (UPI) Wallets or any other mode of electronic payment approved by Reserve Bank of India which shall be notified separately	Should include the possible future mode of electronic transactions.

			by CTU on their website.	
6	Clause 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;	An Applicant other than a merchant power plant shall be eligible to apply for Stage-II Connectivity on achieving following milestones: (i) (Deleted) (ii) Award of project through bidding by any entity authorised by the Central Government or State Government for 50 MW and above;	The requirement for FC shall be six (6) months after the grant of Stage II Connectivity. Reasoning being lenders may have questions related to status of Stage II connectivity for renewable energy projects and Stage I connectivity does not give too much comfort on the same. Additionally, since there are no provisions of any grant/VGF to the renewable energy projects, the nodal agency should oversee the timelines for commissioning of the project (and corresponding damages) as all other responsibilities rest with the developer/generator.
7	Clause 7.9(e)	(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. Bank Guarantee or Letter of Guarantee shall be kept valid till application	(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. Bank Guarantee or Letter of Credit shall be kept valid till application for GNA is made alongwith	Letter of Credit (LC) is a usual banking term.

		for GNA is made alongwith applicable Access Bank Guarantee. The Application for GNA shall be made within 6 months of grant of Stage-II Connectivity failing which Application for Stage-II Connectivity shall be revoked and BG or LG for bay implementation as provided above shall be encashed.	applicable Access Bank Guarantee. The Application for GNA shall be made within 6 months of grant of Stage-II Connectivity failing which Application for Stage-II Connectivity shall be revoked and BG or LG for bay implementation as provided above shall be encashed.	
8	Clause 7.25	On completion of the dedicated transmission line the generator(s) shall be required to hand over the dedicated transmission line to CTU for the purpose of operation and maintenance. CTU shall be entitled to normative operation and maintenance expenses as per CERC Tariff Regulations. The line shall be under the operational control of CTU for all the purposes.	On completion of the dedicated transmission line the generator(s) might hand over the dedicated transmission line to CTU for the purpose of operation and maintenance. CTU shall be entitled to normative operation and maintenance expenses as per CERC Tariff Regulations. Subject to the following conditions; (i) Metering of injected energy shall be on the HT side of Wind farm / Pooling substation. (ii) CTU shall ensure a minimum uptime of 99% for the same, failing which the generator shall be	As per the section 10 of Electricity Act 2003, the duty to operate the dedicated line is lies with the generators. Relevant extract of the Act is reproduced as below; “Section 10. (Duties of generating companies): --- (1) Subject to the provisions of this Act, <u>the duties of a generating company shall be to establish, operate and maintain generating stations, tie-lines, sub-stations and dedicated transmission lines connected therewith in accordance with the provisions of this Act or the rules or regulations made thereunder.”</u> Therefore, the same cannot be

			<p>eligible for commensurate compensation that shall be adjusted in the expenses payable to CTU.</p> <p>(iii) The line shall be under the operational control of CTU for all the purposes.</p>	<p>taken out by compulsion.</p> <p>The Commission should define “for all the purposes”.</p> <p>Since line shall be under the operational control of CTU for all purposes, a minimum uptime needs to be guaranteed by the CTU so that the generator can have visibility on the probable revenue loss on account of non-availability of the line.</p>
9	Clause 11.7.	<p>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 favour of “Central Transmission Utility”, as per FORMAT-GNA-4. The Access Bank Guarantee shall be issued by</p>	<p>The GNA Application shall be accompanied by Access Bank Guarantee of Rs. 20,00,000/- (Rupees Twenty Lakh only) per MW for the Generating Company do not have long term power purchase agreement for the quantum of GNA sought. However, if the GNA applied after the Stage-II Connectivity application and based on the long term PPA, the Generating Company shall furnish only 25% of the above Access Bank Gurantee (i.e. Rs. 5,00,000/- (Rupees Five Lakh only) per MW in the above case) for the quantum of GNA sought.</p>	<p>The proposed Guarantee mechanism is too high. For example for typical 1320 MW (net 1240 MW) plant, ABG would be approx. 248 Cr. Even in case of renewables the proposed BG of 10lakh/MW is very high will burden the generators.</p> <p>In the existing system BG of 5 Lakhs/MW is replaced (valid only till 6 months from LTOA operationalization) by LC for 2.1 times monthly PoC charges during the operations of LTOA. Adding one more layer of payment security aver and above LC will add huge financial obligations on the IPP.</p> <p>The existing system of having LC</p>

			The Access Bank Guarantee shall be in favour of “Central Transmission Utility”, as per FORMAT-GNA-4. The Access Bank Guarantee shall be issued by	to be retained.
10	Clause 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. 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 of their generation project considering their low gestation period. The Applicant shall provide updated status of progress of generating station or park through Central Repository to CTU to facilitate the transmission planners to evolve optimal transmission plans.	Renewable energy generators including Solar Power Park Developer, Wind Power Park Developer, Wind-Solar Power Park Developer shall apply for GNA one (1) year prior to the expected date of commissioning of their generation project considering their low gestation period.	SECI timelines are generally 18 months for the construction of the project post LoA. Since PPA is a pre-condition for GNA, signing of which takes considerable time post LoA; a time period of 1 year should be the most optimal. Connectivity to renewable projects by way of stage-2 can only come after LOA and GNA can only be applied once SECI clears the target beneficiary to each winner. Hence, GNA condition has to be application within 6 months post issuance of LOA. <ol style="list-style-type: none"> 1. Logic is LOA + 6 month (PPA)= GNA target area clarity 2. Application= Within 1 months from above i.e. LOA+6+1 months. 3. Grant of GNA even at the existing substation is 120 days (i.e. 4 months)

		<p>becomes necessary to curtail power flow on a transmission corridor after finalization of day ahead schedule and in real time, the transactions already scheduled may be curtailed by the Regional Load Despatch Centre. The transactions shall be curtailed on the basis of duration of transaction with short term transactions shall be curtailed first, followed by curtailment of medium term transactions and thereafter curtailment of long term customers. Amongst the customers of same category, curtailment shall be carried out on pro rata basis</p>		
12	Clause 19.3.	<p>The Access Bank Guarantee shall be kept subsisting for 5 years from the date of operationalisation of GNA. After operationalisation of GNA, Access BG equivalent to 1/5th of amount shall be returned back to the Applicant till 4th year. The amount equivalent to 1/5th</p>	<p>After one month from the date of operationalization, Access BG of amount equivalent to 4/5th shall be returned to the generator. However, the amount equivalent to 1/5th of Access BG shall be kept subsisting till the end of 12th year as security towards</p>	<p>Blocking significant fund for such longer period will severely affect the viability of generating plant.</p>

		of Access BG shall be kept subsisting till the end of 12th year as security towards relinquishment charges. The Applicant shall submit revised Access BG accordingly.	relinquishment charges. The Applicant shall submit revised Access BG accordingly.	
13	Clause 22	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 of security mechanism shall not be a precondition for operationalization of GNA.	This clause can be retained subject to deletion of Clause 19.	This clause can be retained subject to deletion of Clause 19.
14	Clause 24	Relinquishment of GNA	To be deleted	Fair and transparent mechanism to be developed to calculate the loss to CTU in case of relinquishment. Most of the times the assets are utilized by some other customer and the asset does not remain stranded. In such cases nominal penalty may be imposed, however ABG + one year transmission charges would result in severe stress on

				the already stressed asset. For eg. Typical 1320 MW (net 1240 MW) power plant would have to face penalties of approx. 248 Cr (ABG) + 336 Cr (one year charges) = 584 Cr.
15	Clause 33	<p>Charges for deviation Deviation charges shall be as per CERC (Deviation Settlement Regulations) 2010 Unless specified otherwise by the State Commission concerned, the Deviation rate for intra-State entity shall be 105% (for over-drawals or under generation) and 95% (for under-drawals or over generation) of the Deviation rate at the periphery of regional entity.</p>	<p>Charges for deviation Deviation charges shall be as per CERC (Deviation Settlement Regulations and related matters) 2014 Unless specified otherwise by the State Commission concerned, the Deviation rate for intra-State entity shall be 105% (for over-drawals or under generation) and 95% (for under-drawals or over generation) of the Deviation rate at the periphery of regional entity.</p> <p>Deviation charges for wind and solar project shall be in accordance with the applicable amendments on time to time basis.</p>	Different treatment for deviation and settlements for wind and solar generators.
Additional comments				
16	Additional	Inter State Transmission Charges and Losses for wind and solar generators are currently waived for the period of 25 years from the	Request the Hon'ble CERC to clarify the following based on the referred waiver;	Clarification requested.

		date of commissioning.	<p>(i) The Hon'ble Commission may clarify that, charges like HVDC charges and reliability charges or any other such charges applicable on time to time will not be applicable on the eligible wind and solar projects under the waiver scheme.</p> <p>(ii) Calculation of relinquishment charges for wind and solar generators shall be as per the applicable or waived charges based on the eligibility of generator under the waiver scheme.</p>	
17	Additional	Direction issued by Hon'ble CERC in para 118 of the order issued dated 29 th September 2017 under the petition No. 145/MP/2017.	CTU should provide the capacity available in existing / upcoming substation and placed it on their website for enabling prospective bidder / generators to take informed decisions.	To bring more transparency and better planning.