

Ref No: IRL/CERC/18-19/01

Date: 27.08.2018

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

Sub: Submission of comments/suggestions on proposed Draft Central Electricity Regulatory Commission (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) (Seventh Amendment) Regulations, 2018.

Ref: CERC Public Notice Ref No. L-1/ (3)/2009-CERC dated 09.08.2018.

Dear Sir,

1) On behalf of 'Inox Wind Infrastructure Services Limited (IWISL)', we appreciate the move to amend the Grant of 'Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission Regulation' for smoother allocation of connectivity and efficient utilization of ISTS network.

We also welcome the proposed regulation on the Transfer of Connectivity which states as under:

"8A. Transfer of Connectivity and LTA

A person shall not transfer, assign or pledge its connectivity or LTA and the associated rights and obligations to any other person.

Provided that the above provision shall not be applicable to applicants defined under Regulation 2(1)(b)(i)(g).

Provided further that 100% subsidiary companies shall be allowed to utilize the connectivity granted to the parent company and vice versa."

Further, we would like to draw your kind attention towards the 'Procedure for grant of Connectivity to Projects based on renewable Sources to inter-State transmission system' dated 15.05.2018.

Though it was issued earlier than the present draft regulations but have been "deemed" to be issued under this regulation vide below statement of present draft regulation:



(2B)

Grant of Stage-I and Stage-II Connectivity shall be as per the Detailed Procedure issued from time to time.

Provided that the Detailed Procedure for grant of Connectivity to Projects based on Renewable Sources to inter-State transmission system issued vide order dated 15.5.2018 in File No. L-1/(3)/2009-CERC shall be deemed to have been issued under these Regulations.

- 3) There appears to be mismatch between the language as envisaged under the proposed regulation and under approved procedure. Same is tabulated hereunder for ready reference:

Statement as per the proposed draft	Statement as per the Connectivity Procedure
<p>A person shall not transfer, assign or pledge its connectivity or LTA and the associated rights and obligations to any other person.</p> <p>Provided that the above provision shall not be applicable to applicants defined under Regulation 2(1)(b)(i)(g).</p> <p>Provided further that 100% subsidiary companies shall be allowed to utilize the connectivity granted to the parent company and vice versa.”</p>	<p>The Connectivity granted to a company may be utilized by its wholly owned (100%) subsidiary company(ies) including SPVs.</p> <p><i>In such cases, the parent company cannot sell its shareholding in the subsidiary company (ies) before the lock-in period of one year after the commencement of supply of power from such subsidiary.</i></p> <p><i>In case of more than one wholly owned (100%) subsidiary of the same company, the lock-in period of one year shall apply from commencement of supply of power from the last such subsidiary. An illustration is given below:</i></p> <p><i>“A company is granted Connectivity for 1000 MW and it wins a bid for 250 MW. It forms five wholly owned (100%) subsidiaries of 50 MW each. In such a case lock-in period shall be 1 year from commencement of supply from last subsidiary (i.e. subsidiary which is commissioned last) out of this 250 MW.</i></p>

Para of the above in italics as contained in the connectivity procedure are over & above to the condition as proposed under the connectivity regulation.

Thus, we urge Hon’ble commission to clarify or remove same from the procedure in order to synch the condition and language of the connectivity transfer applicability.



It may be noted that there is no such risk of connectivity trading with the enforcement of the connectivity procedure wherein, to apply for Stage II Clearance one must have to achieve the following milestones:

- i. Ownership or lease rights or land use rights for 50% of the land required for the capacity of Stage-II connectivity; and
- ii. Achievement of financial closure, (with copy of sanction letter)
Or,
Release of at least 10% funds towards generation project execution supported by Auditor's certificate regarding release of such funds through equity.

4) It is further to be submitted that IWISL has already filed a Petition (29/MP/2018) before the Hon'ble Commission of CERC with following prayers:

- a) It Direct the Respondent No. 1 to allow the Petitioner to utilize the connectivity granted to the Petitioner by its fully owned SPVs for execution of the projects awarded through the competitive bidding carried out by SECI, only subject to the terms and conditions stipulated in RFS issued by SECI and/or the subsequent Agreements/Contracts entered into between the Petitioner and the Respondents governing the controlling shareholding of the Petitioner and its SPVs.
- b) Direct that the directions contained in paragraph 122 of the order dated 29.09.2017 passed by this Hon'ble Commission in Petition No.145/MP/2017 as also the order dated 31.10.2017 passed by this Hon'ble Commission in Petition No.173/MP/2017, in so far as they are inconsistent with the terms and conditions of the RFS issued by Respondent No.1, shall not be applicable to the Petitioner and the Petitioner shall be governed by the terms and conditions of the RFS issued by Respondent No.1;
- c) Pass such other or further orders as the Hon'ble Commission may deem fit and proper in the facts and circumstances of the case.

Hon'ble Commission was pleased to admit the same and issued suitable directions accordingly vide RoP dated 05.04.2018.

In view of the above, we feel the connectivity procedure should appropriately be modified to be in sync with the proposed draft amendment to the Connectivity Regulations.

Thanking you,

Yours faithfully,
For **Inox Wind Infrastructure Services Limited**



Ravi Sinha
Manager- Regulatory Affairs