

Ref No: HFE/RAPS/KK/CERC/SEC/FY20/001

30th December 2019

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

Sub: Comments on Draft Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2019.

Reference: Draft CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2019 issued on 31.10.2019

Dear Sir,

At the outset, we extend our gratitude to Hon'ble Central Electricity Regulatory Commission for inviting comments/suggestion/ objection of stakeholders on the Draft Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2019.

Hero Future Energies Private Limited (HFEPL) is the renewable energy arm of Hero group primarily having focus on the investment in developing the generating capacities based on solar and wind resources across the country. The HFEPL at present is having 1.33 GW of solar and wind capacity commissioned and 775 MW of solar and wind capacity under development.

We are writing you in furtherance to Draft CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2019 issued by Hon'ble CERC on 31.10.2019 seeking comments/suggestions/ objections of stakeholders.

Hero Future Energy Private Limited hereby submits its suggestions/ comments on Draft Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2019 and request Hon'ble CERC to consider these suggestions before finalizing the final regulations in force.

Thanking you
For Hero Future Energies Private Limited


Kunal L. Kaistha
Authorised Signatory



HERO FUTURE ENERGIES PRIVATE LIMITED

CIN: U40300DL2013PTC253648

Registered Office: PLOT NO. 201, THIRD FLOOR, OKHLA INDUSTRIAL ESTATE, PHASE - III, NEW DELHI-I 10020

Corporate Office: 202, THIRD FLOOR, OKHLA INDUSTRIAL ESTATE, PHASE-III, NEW DELHI-I 10020, INDIA

P: +91 11 49598000 | F: +91 11 49598022 | E: info@herofutureenergies.com | W: www.herofutureenergies.com



Comments/ Suggestion on CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2019

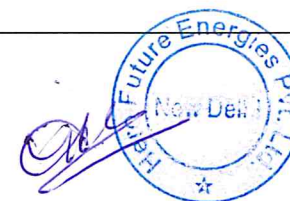
Sl. No.	Clause	<u>CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2019 - Existing/Proposed provisions</u>	Suggested Clause	Our Comments/Suggestions
1.	11. Transmission charges in specific cases	<p>11(1)(b) No transmission charges and losses for the use of ISTS shall be payable for the capacity of the generation projects based on solar or wind resources for a period of 25 years from the date of commercial operation of the such generation projects if they fulfill the following conditions:</p> <p>(i) Such generation capacity has been awarded through competitive bidding; and</p> <p>(ii) Such generation capacity has been declared under commercial operation between 1.7.2017 and 12.2.2018 for solar based resources or between 30.9.2016 till 12.2.2018 for wind based resources;</p> <p>iii. Power Purchase Agreement(s) have been executed for sale of power from such generation capacity to the</p>	<p>11(1)(b) No transmission charges and losses for the use of ISTS shall be payable for the capacity of the generation projects based on solar or wind resources for a period of 25 years from the date of commercial operation of the such generation projects if they fulfill the following conditions:-</p> <p>(i) Such generation capacity has been awarded through competitive bidding; and</p> <p>(ii) Such generation capacity has been declared under commercial operation between 1.7.2017 and 12.2.2018 for solar based resources or between 30.9.2016 till 12.2.2018 for wind based resources;</p> <p>iii. Power Purchase</p>	<p>The majority of RE rich states like Tamil Nadu are already fulfilling the RPO Targets and the SERCs are not willing to increase the RPO targets further to harness the balance RE potential in these states.</p> <p>In such case the RE development through third party sale and captive consumption need to be promoted. Considering the targets under National Solar Mission, the Commission should not discriminate the RE generators developed under competitive bidding or developed under Regulatory FiT regime, i.e. Section 62 of the EA,2003 and also should not limit the procurement of RE up to RPO by Discom.</p> <p>In view of that it is request to</p>



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		Distribution Companies for compliance of their renewable purchase obligation.	Agreement(s) have been executed for sale of power from such generation capacity to the Distribution Companies for compliance of their renewable purchase obligation.	Hon'ble Commission for removal of following Clause related to competitive bidding from draft Regulation, i.e. "Such generation capacity has been awarded through competitive bidding; and"
2.	11. Transmission charges in specific cases	11(1)(c)(ii) - Such generation capacity has been declared under commercial operation Between 13.2.2018 and 31.3.2022; and	Such generation capacity has been declared under commercial operation Between 13.2.2018 and <u>31.12.2022</u> ; and	Ministry of power came out with a notification on 06.11.2019, wherein it was notified that the date specified for waiver of interstate transmission charges and losses on transmission of the electricity generated from Solar and Wind sources of energy is to be read as 31.12.2022 instead of 31.03.2022. Regulation should also be in same line as specified in the notification issued by MoP.
3.	11. Transmission charges in specific cases	11.(4) Where COD of a generating station or unit(s) thereof is delayed and the Associated Transmission System has achieved COD, which is not	11.(4) Where COD of a generating station or unit(s) thereof is delayed and the Associated Transmission System has achieved COD,	There are instances wherein the delay in achieving the COD by the solar and wind generators is on account of reasons not attributable to



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		<p>earlier than its SCOD, the generating station shall pay Yearly Transmission Charges for the Associated Transmission System corresponding to capacity of generating station or unit(s) thereof which have not achieved COD</p>	<p>which is not earlier than its SCOD, the generating station shall pay Yearly Transmission Charges for the Associated Transmission System corresponding to capacity of generating station or unit(s) thereof which have not achieved COD.</p> <p><u>Provided that such transmission charges shall not be applicable to such Renewable Projects where the SCOD is revised by agencies or authorities like MoP, MNRE, Bidding agencies and discoms on account of unforeseen reasons which are not attributable to the generators and also the revised date of SCOD shall be the date for the LTA operationalization.</u></p>	<p>them. Few examples of such reasons are given herein below but not limited to there:</p> <ol style="list-style-type: none"> 1. Delay in adoption of tariff by the respective State Electricity Regulatory Commission (SERC) 2. Delay in providing land by the Solar Park agencies 3. Changes in the State Land Policies 4. Changes in the Environment related policies/Acts leading to delay in getting Environmental/Wildlife clearances/approvals 5. Cases filed by NGOs/Social activists before various Legal Forums leading to delay in getting clearances / approvals. 6. Force Majeure events covered under PPA 7. Delay in providing NOCs by Ministry of Defence for Wind Generating Stations.



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				Due to above said uncontrollable reasons projects get delayed and SCOD gets revised by bidding agencies. Then in such cases it is unfair and unjust to ask for submission of LC and payment of transmission charges.
4.	11. Transmission charges in specific cases	11.(5) Where Long Term Access to ISTS is granted to a generating station on existing margins and COD of the generating station or unit(s) thereof is delayed, the generating station shall pay transmission charges @10% of transmission charge for the State where it is located for the quantum of such Long Term Access	11.(5) Where Long Term Access to ISTS is granted to a generating station on existing margins and COD of the generating station or unit(s) thereof is delayed <u>beyond its SCOD according to its PPA with buyers</u> , the generating station shall pay transmission charges @10% of transmission charge for the State where it is located for the quantum of such Long Term Access. <u>Provided that such transmission charges shall not be applicable to such Renewable projects where the SCOD is revised by agencies or authorities like MoP, MNRE, Bidding agencies</u>	There are instances wherein the delay in achieving the COD by the solar and wind generators is on account of reasons not attributable to them. Few examples of such reasons are given in the above point. Due to point mentioned in the above point if the project get delayed and the condition is not attributable to the generator. Then in these cases it is inappropriate to ask for submission of LC and payment of transmission charges.



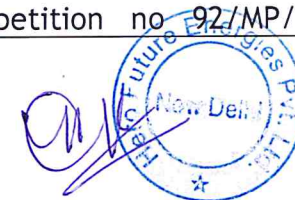
Sl. No.	Clause	<u>CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2019 - Existing/Proposed provisions</u>	Suggested Clause	Our Comments/Suggestions
			<u>and discoms on account of unforeseen reasons which are not attributable to the generators and also the revised that of SCOD shall be the date for the LTA operationalization.</u>	
5.	11. Transmission charges in specific cases	11(7) In case the generating station or unit(s) thereof has achieved COD and transmission system is delayed, the concerned transmission licensee(s) shall make alternate arrangement for dispatch of power in consultation with Central Transmission Utility at the cost of the transmission licensee(s). Provided that till such alternative arrangement is made, the transmission licensee(s) shall pay to the generating station the transmission charges proportionate to Long Term Access for the transmission system which is delayed .	11(7) In case the generating station or unit(s) thereof has achieved COD and transmission system is delayed, the concerned transmission licensee(s) shall make alternate arrangement for dispatch of power in consultation with Central Transmission Utility at the cost of the transmission licensee(s). Provided that till such alternative arrangement is made, the transmission licensee(s) shall pay to the generating station the transmission charges proportionate to Long Term Access for the transmission system which is delayed <u>and shall compensate based on</u>	In case the generating station or unit(s) thereof has achieved COD and transmission system is delayed, the payment of transmission charges proportionate to Long Term Access for the transmission system is very miniscule against the revenue loss to be borne by the generating station. Therefore, the Hon'ble Commission is requested to consider generation loss of developer due to unavailability of Transmission System and concerned transmission licensee(s) shall compensate revenue loss based on the tariff in the PPA's entered by the



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			<i>the tariff in the PPA's entered by the generating station .</i>	generating station.
6.	16. Letter of Credit	<p>16(1) Not later than 1 (one) month prior to the date of operationalization of Long Term Access or Medium Term Open Access, as the case may be, each DIC shall, through a scheduled bank, open an irrevocable, unconditional and revolving Letter of Credit or any other acceptable payment security mechanism in favour of the Central Transmission Utility, to be made operative from a date prior to the Due Date of its First Bill and shall be renewed annually.</p> <p>16(2) The Letter of Credit shall have a term of 12 (twelve) months and shall be for an amount equal to 1.05 (one point zero five) times the average amount of the First Bill for a year, where tripartite agreement for securitization on account of arrears against the</p>		<p>We suggest that the Wind and Solar Projects may please be exempted from providing LC against the LTA granted in line with MOP order for waiver of transmission of charges. Further, the LC condition also should not be made applicable for the period from LTA operationalization to actual SCOD of wind/solar projects if the delay in actual SCOD is due to any reasons not attributable to Wind and Solar Generators.</p> <p>It may please be noted that Wind/Solar ISTS connected projects are being developed under competitive bidding in accordance with guidelines issued by Central Government and providing power to various state DISCOMs for compliance of</p>



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		<p>transmission charges with the Government of India exist.</p> <p>Provided that where such tripartite agreement does not exist, the DIC shall open the Letter of Credit for an amount equal to 2.10 (two point one times) the average amount of First Bill for a year</p>		<p>their renewable purchase obligation.</p> <p>MoP has notified waiver for the LTA charges for the Wind and Solar projects wherein SCOD is achieved on or before 31 December 2022 for a term of 25 years.</p> <p>Therefore, in Chapter-3, Regulation-11, a suitable provision regarding waiver of LC may please be incorporated as the LTA charges are waived off for Wind and Solar projects.</p>
7.	18. Event of default of a DIC	18.(4) Provided that in case of termination as DIC of an entity on account of DIC's event of default, the Long Term Access or Medium Term Open Access or both of such entity shall be cancelled. Such cancellation shall be treated as relinquishment of Long Term Access or Medium Term Open Access in terms of Central Electricity Regulatory	18.(4) Provided that in case of termination as DIC of an entity on account of DIC's event of default, the Long Term Access or Medium Term Open Access or both of such entity shall be cancelled. Such cancellation shall be treated as relinquishment of Long Term Access or Medium Term Open Access in terms of Central Electricity Regulatory	Central Electricity Regulatory Commission (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) Regulations, 2009 does not provide the required calculations needed to assess relinquishment charges. CERC in its order dated 08.03.2019 in petition no 92/MP/2015



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		Commission (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) Regulations, 2009 and the said entity shall pay the relinquishment charges accordingly.	Commission (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) Regulations, 2009 <u>and the amendments and any orders thereof</u> and the said entity shall pay the relinquishment charges accordingly.	provided the methodology to be used to compute relinquishment charges. Therefore, any amendments or orders thereof is also required to be included.
8.	18. Event of default of a DIC	18.(5) Upon termination of the status of DIC, the entity shall not be eligible for interchange of power under any form of open access unless such entity remedies the default and makes payment of all outstanding charges including relinquishment charges	18.(5) Upon termination of the status of DIC, the entity shall not be eligible for interchange of power under any form of open access unless such entity remedies the default <u>and makes an agreement with the transmission licensee</u> for payment of all outstanding charges including relinquishment charges	As the relinquishment charges may be huge and DIC may not be able to make all the payment in one go but agree to make payments in a deferred basis upon an agreements being reached. The entity shall be allowed for interchange of power under open access.
9.	22. Information to be published by the Implementing agency.		<u>22(3)(v) DIC wise details of components described at reg 4 to 8.</u>	This will give crystallized picture of how DIC is charged and in what proportion for each component.

