



Mytrah Energy (India) Private Limited

(Formerly known as Mytrah Energy (India) Limited

(CIN : U4108TG2009PTC065804)

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To,

Ref: MEIPL/CERC/Comm/30122019

Date: 30/12/2019

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

Email: secy@cercind.gov.in

Subject: Suggestions/comments on "Draft Central Electricity Regulatory Commission draft (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2019".

Respected Sir,

At the onset, we would like to introduce ourselves as Mytrah Energy (India) Pvt Ltd, one of the largest Independent Power Producers ('IPP') in renewable energy in India with over 1329 MW of wind installed capacity through 18 projects spread across 8 States (presence in Andhra Pradesh, Gujarat, Karnataka, Rajasthan, Maharashtra, Madhya Pradesh, Telangana and Tamil Nadu). We extended business segment into solar in three states viz. Telangana, Punjab and Karnataka, of which we have already commissioned around 422 MW projects.

Before traversing into the details of draft Regulations, we would like to extend our sincere gratitude to CERC for its kind support towards development of Renewable Energy.

We would like to thank CERC for providing opportunity to submit our suggestions on the "Draft Central Electricity Regulatory Commission draft (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2019".

We hereby submit our views for your kind consideration.

Yours sincerely,

Authorized signatory

For Mytrah Energy (India) Pvt. Limited

Mytrah’s Suggestions / Comments on the Comments / Suggestions on the draft Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2019:

| S. No. | Regulation No. | Description | Suggestions / Comments by Mytrah Energy (I) Pvt. Ltd |
|--------|---------------------|--|--|
| 1. | Regulation 3 (3) | <p>Principles of sharing transmission charges</p> <p>The transmission charges for transmission system after such transmission system has achieved COD with regular service, shall be shared by DICs in accordance with Regulations 5 to 8 of these regulations.</p> <p>Provided that in case of a transmission system where COD has been approved in terms of proviso (ii) of clause (3) of Regulation 4 of the Tariff Regulations, 2014 or clause (2) of Regulation 5 of the Tariff Regulations, 2019 or transmission system which has been declared deemed COD in terms of Transmission Service Agreement under Tariff based Competitive Bidding, the Yearly Transmission Charges shall be shared by DICs in accordance with clause (11) of Regulation 11 of these regulations.</p> <p>Provided further that the transmission charges for transmission system governed by provisions of clause (4) and clause (8) of Regulation 11 of these regulations shall not be shared by DICs in accordance with Regulations 5 to 8 of these regulations.</p> | <p>Please include the definition of “Deemed COD” in this regulations, although it is defined under Transmission Service Agreement.</p> |

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| 2. | Regulation 11 (1) (B) & (C) | 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 | We would like to submit that that bidding agencies, i.e. SECI & NTPC are allowing extension of Power Purchase Agreement (PPA) based on mutually term and conditions and developer has an option to operate plant more than 25 Years. Therefore it is request to Hon'ble Commission for consider the period as “ Useful Life ” instead of 25 years, as the prudent operational life expectancy is more than 25 years for wind and solar projects. |
| 3. | Regulation 11 (1) (C) & (4) & (5) | <p>Transmission charges in specific cases :</p> <p>(c) No transmission charges and losses shall be payable for the generation projects based on solar or wind resources for the use of ISTS, for a period of 25 years from the date of commercial operation of such generation projects if they fulfill the following conditions:</p> <p>(i) Such generation capacity has been awarded through competitive bidding process in accordance with the guidelines issued by the Central Government; and</p> <p>(ii) Such generation capacity has been declared under commercial operation between 13.2.2018 and 31.3.2022; and</p> <p>(iii) Power Purchase Agreement(s) have been executed for sale of such generation Capacity to all entities including</p> | <p>We would like to bring your kind attention on Ministry of power's (“MoP”) order dated 30.9.2016 wherein the Ministry of Power has notified waiver of ISTS charges and losses on transmission of electricity generated from solar and wind resources of energy under para 6.4(6) of the Tariff Policy, 2016. Further, MoP has extended applicability of this scheme for projects commissioned till 31 December 2022 vide its order no. 23/12/2016-R&R dated 06 Nov 2019. It is very much apparent that the intention of MoP behind the waiver of the inter-state transmission charges and losses is to encourage Wind and Solar Energy in order to achieve the sustainable development.</p> <p>The waiver of ISTS charges is, in effect, socialization of cost among the larger consumer framework, instead of being borne by the purchaser of the renewable power. Further, waiver of ISTS charge on solar and wind capacity commissioned upto December 2022 is largely perceived as a potent tool to encourage setting up of the project in states that have greater resources potential and availability of suitable land. It also helps in creating a pan-India renewable power market, as high renewable potential states would supply to less potential states without additional financial burden.</p> |

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| | | <p>Distribution Companies for compliance of their renewable purchase obligations.</p> <p>Where COD of a generating station or unit(s) thereof is delayed and the Associated Transmission System has achieved COD, 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>Provided that such transmission charges shall not be considered under Regulations 5 to 8 of these Regulations</p> <p>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.</p> <p>Provided that the amount received on account of payments in the month towards such Long Term Access shall be reimbursed to the DICs in proportion to their shares under the First Bill in the following month.</p> | <p>Based on the provisions of Central Electricity Regulatory Commission notification No. L-1/44/2010-CERC dated 1st of April, 2015 (third amendment to Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges & Losses) Regulations, 2010), if <u>the commissioning of a generating station or unit is delayed, the generator becomes liable to pay POC Charges corresponding to its Long term Access from the date of operationalization of Long Term Access granted by CTU.</u> The above provision is drafted by keeping conventional generation in mind, where no transmission charge waiver is applicable, and withdrawal charges are otherwise borne by drawing utility under the LTA. Therefore, above provision is not for wind and solar generators, where these charges are waived.</p> <p>We would like to submit that Wind / Solar Power Project developers are getting ISTS project through bid and successful bidder applied Connectivity on immediate basis based on issued LoA, wherein the developers are getting time to commission project within 21 months from the issuance of LoA. Developer has to provide a certain date for operationalization of LTA at initial phase of connectivity. It is pertinent to mention here that at an initial phase, developer provides same SCOD date for date of operationalization of LTA, which is SCOD date. However, sometime project face issues to achieve SCOD on time due to various Force Majeure events, which are beyond the control of developers.</p> <p>However, Wind and Solar Developers are being asked to pay transmission charges prior to date of commissioning even if commissioning has been extended due to reasons not attributable to such developers.</p> <p>In view of that, Wind / Solar Project Developer should also be allowed extend date of operationalization / SCOD of project due to Force Majeure/unforeseen events beyond the control of developers,</p> |

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| | | <p>Provided that such Long Term Access shall be excluded for computation under Regulations 5 to 8 of these regulations.</p> | <p>subject to getting necessary extension of SCOD from bidding and there should not be any levy of transmission charges for the transmission assets developed or from existing margins. In cases where the Developers have obtained consent from bidding agencies for extension of SCOD, CTU/PGCIL shall accept the revision in LTA operationalization dates in line with revised SCOD. Accordingly, it is requested to incorporate suitable provisions in the Regulations</p> |
| 4. | Regulation 11 (7) | <p>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 .</p> | <p>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.</p> <p>Therefore, it is request to the Hon’ble Commission for consideration of generation loss of developer due to unavailability of Transmission System and concerned transmission licensee(s) shall pay the revenue loss based on the tariff in the PPA’s entered by the generating station.</p> |
| 5. | Regulation 11 (9) | <p>Generating stations drawing start-up power shall pay the transmission charges @Transmission Deviation Rate for the State in which they are physically located.</p> <p>Provided that the amount received on account of payments towards drawal of start-up power shall be reimbursed to the DICs under the First Bill in proportion to their shares in the First Bill in the month next to Billing month.</p> | <p>We would like to submit that Wind / Solar Power developers required some startup power, which is very miniscule against and actual generation. It is difficult to make a payment on the basis of transmission charges @Transmission Deviation Rate for the State in which they are physically located as it may possible that bided tariff would be much lower than applicable charges.</p> <p>Since, MoP has already provided waiver of transmission charges and losses for wind and solar projects, therefore, it is request that withdrawl of startup should also be consider in line of that and should not levy any</p> |

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| | | <p>Provided that where transmission element(s) have been declared COD before its SCOD on request of a generating station for drawal of start-up power, the generating station shall instead pay Yearly Transmission Charges for such transmission element(s) till the generating station achieves COD.</p> <p>Provided further that Transmission Deviation Rate shall not be applicable for generating stations covered under clause (4) of this Regulation for drawal of start-up power</p> | <p>transmission deviation charges for drawing start-up power for Wind and Solar projects.</p> |
| 6. | Regulation 11 (11) | <p>Where a transmission system has been declared to have achieved deemed COD in terms of Transmission Service Agreement under Tariff Based Competitive Bidding (TBCB) or the Commission has approved the date of commercial operation of such transmission system in terms of clause (2) of Regulation 5 of Tariff Regulations, 2019 or proviso (ii) to clause (3) of Regulation 4 of the Tariff Regulations, 2014, the transmission licensee or generating company whose transmission system or generating station or unit thereof is delayed shall pay the transmission charges of the transmission system till the generating station or unit thereof or the transmission system achieves COD.</p> | <p>In line with MoP order regarding waiver of transmission charges and losses for wind and solar projects, there should not be any levy of transmission charges for delay in COD of wind and solar projects although transmission system has been declared to have achieved deemed COD in terms of Transmission Service Agreement under Tariff Based Competitive Bidding (TBCB) or the Commission has approved the date of commercial operation of such transmission in terms of clause (2) of Regulation 5 of Tariff Regulations, 2019 or proviso (ii) to clause (3) of Regulation 4 of the Tariff Regulations, 2014.</p> |

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| | | <p>Provided that where more than one transmission licensee or both transmission licensee and generating station are getting delayed, the proportionate sharing of above transmission charges shall be as decided by Commission.</p> | |
| 7. | Regulation 16 (1),(2) | <p>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>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 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>Non- Applicability of LC for LTA for Wind and Solar Projects in line with MOP order for waiver of transmission of charges. Further, the LC condition also should not be applicable for the period from LTA operationalization to actual SCOD of wind/solar projects if the delay in actual SCOD is due to any Force Majeure events.</p> <p>It is to be noted that Wind/Solar ISTS connected projects are developing under competitive bidding in accordance with guidelines issued by Central Government and generated power to be supplied various state DISCOMs for compliance of their renewable purchase obligation.</p> <p>In reference to MoP order from time to time to encourage the growth of Renewable Energy generation in the country, the LTA charges are waived off 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 is to be incorporated as the LTA charges are waived off for Wind and Solar projects.</p> |

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| 8. | Regulation 18 (4) | <p>Relinquishment charges for Wind / Solar Project in case of termination of PPA: 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 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.</p> | <p>Wind/Solar projects who have terminated their PPAs subsequent to unforeseen events beyond the control of generators and accepted by SECI/Bidding agency should be allowed to relinquish the LTA without any penalties and it should not be considered as DIC Event of Default. Accordingly, it is requested to incorporate suitable provisions in the Regulations.</p> <p>Further, the applicability of Relinquishment charges would differ for Conventional & Non-Conventional source of energy as an annual CUF for Wind / Solar Power Project is in the range of 25% to 35%, which is around 1/3 of Conventional Energy. The same relinquishment methodology formulated for conventional project shall not be applicable for the Wind / Solar Power Project and need to determine a separate methodology for Wind / Solar Project. Accordingly, the Commission is requested to issue directions to CTU/Implementing agency.</p> |
| 9. | Regulation 18(4) | <p>Permission of Location Change for Wind / Solar Project.</p> | <p>The Green energy corridor is being developed to accommodate the Renewable energy projects wherein the high potential states would be able to tap and supply to less potential states and so developers may choose any location pan India where there is high potential of renewable energy generation.</p> <p>The same intention is supported in the bidding guidelines for change of location of project due to Force Majeure/unforeseen events, which are beyond the control of developers, subject to submission of necessary supporting documents to the satisfaction of SECI/NTPC/Procuree with necessary extension of SCOD.</p> <p>Accordingly, the LTA Regulations/CTU should accommodate the request for change in LTA regions in line with the acceptance of SECI/Bidding agency without any penalties to Developer. Accordingly, it is requested to incorporate suitable provisions in the Regulations.</p> |

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| 10. | Additional Comments | Submission of Financial Closure documents in PGCIL within the time stipulated in the PPA. | <p>It is to be noted that Wind / Solar Developer has to submit documents of Financial closure within the time stipulated in the PPA, in line of 9.3.1 of Detailed Procedure for “Grant of Connectivity to projects based on Renewable Sources”, is quoted below:</p> <p>“9.3 Conditions to be met by Stage-II Connectivity Grantees</p> <p>9.3.1 After grant of Stage-II connectivity, the grantee covered under Clause 9.2.1 shall have to achieve the following milestones in accordance with bidding documents and submit the proof to CTU within a week of achieving the milestone(s):</p> <p>(i) Ownership or lease rights or land use rights of the land required as per bidding documents for the capacity of Stage-II connectivity.</p> <p>(ii) Financial closure within the time stipulated in the PPA. Sanction letter from financial institution to be submitted as proof of financial closure.</p> <p>(iii) Proof of release of at least 10% funds towards generation project execution within three months from the date of financial closure supported by Auditor’s certificate regarding release of such funds through equity.”</p> <p>We would like to submit that due to various FM event, developers are not in position to fulfill stipulated conditions in PPA for achievement of FC on time and also getting consent from bidding agencies, from which they bidder has signed PPA.</p> <p>In view of that in case Developers are getting consent from bidding agencies for extension of FC, CTU/PGCIL should also be allowed the request of developers for extension of FC as per the new timeline provided by respective bidding agencies.</p> |