

Date: Aug 14, 2020

The Hon'ble Secretary

Central Electricity Regulatory Commission (CERC)
3rd & 4th Floor, Chanderlok Building, 36,
Janpath, New Delhi- 110001

Subject: CLP comments on *draft amendment to detailed procedure for "Grant of connectivity to projects based on Renewable sources to Inter-State Transmission System"*

Reference: Public notice no. L-1/(3)/2009-CERC dated 24th July 2020, published on CERC website

Dear Sir,

We would like to introduce ourselves as CLP India, owned by CLP Group, one of the largest investor-owned power businesses in Asia, and Caisse de dépôt et placement du Québec (CDPQ), one of Canada's leading institutional fund managers. In India, CLP is one of the largest foreign investor in the Indian power sector and a leading renewable energy generation company. CLP owns and operates a 655MW Combined Cycle Power Plant in Gujarat and a 1320MW coal fired power project at Jhajjar in Harayana. In the renewable energy space, CLP has invested in about 1100 MW of wind and solar power projects, spread across various states in India.

This has reference to the above referred draft notification issued by this Hon'ble Commission, dated 24th July, 2020 inviting stakeholder's draft amendment to detailed procedure for "Grant of connectivity to projects based on Renewable sources to Inter-State Transmission System". Our views on the same are appended as Annexure-I.

We would be obliged if you could take cognisance of our submissions while issuing final order on the same.

Thanking You,

For CLP India Private Limited


Mahesh Mahija
Director (Renewables)

Annexure-1: *Comments on draft amendment to detailed procedure for "Grant of connectivity to projects based on Renewable sources to Inter-State Transmission System"*



Annexure 1

Annexure I – Comments on draft amendment to detailed procedure for “Grant of connectivity to projects based on Renewable sources to Inter-State Transmission System”

S. No.	Cl. No.	CERC proposal	Suggestion/Comments
1.	5.3.1	<p>5.3 Scope of bay(s) for dedicated transmission line</p> <p>5.3.1 For the connectivity system, the dedicated transmission line including line bay(s) at generation pooling station shall be under the scope of the applicant and the terminal associated bay(s) at the ISTS sub-station shall be under the scope of transmission licensee owning the ISTS sub-station subject to compliance of relevant provision of tariff policy.</p> <p>.Provided that the applicant may itself construct the associated bay(s), subject to approval of the CTU and agreement with the transmission licensee owning the ISTS sub-station.</p>	<p>The draft connectivity procedure provides that the associated bays at the ISTS substation end shall be under the scope of the concerned transmission licensee. The clause further provides that the applicant may itself construct the associated bay(s), subject to approval of the CTU and agreement with the transmission licensee owning the ISTS sub-station.</p> <p>The construction of transmission bays at interconnecting CTU substation involve significant expenditure of the project cost, even more so for smaller capacity projects. However, as the same is under the scope of concerned ISTS licensee, it is usually not factored in by the applicants while bidding for RE generation projects. Due to tight commissioning schedule, many RE project developer are constrained to undertake construction of the terminal bays by at their own cost. However, this additional cost may disturb the underlying project cost parameters considered by the bidder and therefore poses a risk for the project viability.</p> <p>We therefore request the Hon’ble commission to allow full reimbursement to the concerned RE developer for the construction of bays at ISTS substation this once handed over to the ISTS licensee. For this purpose, a benchmark cost for terminal bay construction may be specified by PGCIL.</p>
2.	6.5	<p>6. Application for Stage-I Connectivity</p> <p>6.1.....</p> <p>6.5 After scrutiny, nodal agency shall intimate the deficiencies in the application, if any, to the applicant within one week of receipt of application. The applicant shall rectify the deficiency within one week thereafter, failing which the application shall be closed and</p>	<p>The Nodal agency reviews the applications for Stage I and II on a monthly basis, for the applications received in the previous month. As per the timelines provided in the procedures, once the application is made by an applicant the nodal agency is required to respond within one week in case of any deficiencies. Pursuant to this, the applicant gets another week to respond/rectify the deficiency. With the response submitted by the applicant, the date and time stamp of the application get shifted to the date of submission of response by the applicant. So in effect, in case an applicant is making the application in second half of any month (after 15th), there is high likelihood that in case of any discrepancies,</p>



		<p>20% of the application fees shall be forfeited and balance shall be refunded. If the rectified application is received from the applicant after 2400 hrs of the last day of the month in which application is made, application shall be deemed to have been made in subsequent month and shall be processed accordingly.</p>	<p>the application would not be considered in the batch of applications for next month by the Nodal agency. This becomes particularly challenging when even for minor discrepancies the application timelines get shifted to next month. This is probably because there is no consideration about the nature of discrepancy by the Nodal agencies. It is therefore requested that the Nodal agencies may be directed to exercise some degree of discretion in relaxing cases of minor discrepancies and avoid undue delay in consideration of the applicants.</p>
3.	9.2.1 (b)	<p>9.2 Eligibility for Stage-II Connectivity</p> <p>9.2.1.....</p> <p>(b) An entity implementing the Renewable Hybrid Generating Station(s) including Round the Clock Hybrid Project, shall be eligible to apply for separate Stage-II Connectivity for each location based on the same LOA or PPA, for the capacity of the project not exceeding the quantum of power for which LOA has been awarded or PPA has been signed. For this purpose, the locations and capacity at each such location, duly certified by the Renewable Energy Implementing Agency or the distribution licensee, as the case may be, shall be submitted along with the Connectivity applications.</p>	<p>The specific inclusion for connectivity to Round the clock hybrid project is a welcome step. However, clarification is required regarding availability of ISTS charges waiver for capacity allocated under LOA by implementing agency vis a vis the capacity granted under Stage II connectivity by the Nodal agency.</p> <p>This is so because, in case of collocated hybrid project injecting power from a single point of connection, the procedure provides for grant of Stage-II connectivity to a developer under cl. 9.2.1 to be equal to the capacity awarded under LOA under competitive bidding route. Further, for any surplus quantum over and above LOA capacity, the developer would be required to apply for additional Stage-II connectivity under cl. 9.2.2.</p> <p>However, in case of project having different locations and injecting through separate injection point, it has been proposed that such developers shall be eligible for Stage-II connectivity, at each location, for a capacity equal to the capacity awarded under LOA. In this case, depending upon project configuration, the developers might up having connectivity for excess capacity and would not need to apply for additional stage-II capacity for selling excess power, over and above the capacity tied up under the LOA. As per existing CERC regulations, the waiver of ISTS charges is available based on the capacity awarded under competitive bidding. In such cases, as there would be difference in the capacity awarded under the LOA and the capacity granted under cl. 9.2.1 by Nodal agency, it may be clarified, whether ISTS waiver shall be applicable for the LOA capacity only, or for the entire capacity granted for Stage-II connectivity.</p>
4.	9.2.2	<p>9.2 Eligibility for Stage-II Connectivity</p>	<p>The Hon'ble Commission has specified the eligibility criteria for grant of stage II connectivity for an applicant</p>



	<p>9.2.1.....</p> <p>9.2.2. An entity who is a grantee of Stage-I Connectivity or has applied for Stage-I Connectivity or has applied for Stage-I Connectivity and Stage-II Connectivity simultaneously, and is not covered under Clause 9.2.1, and has achieved the following milestones:</p> <p>(i) Ownership or lease rights or land use rights for 50% of the land required for the capacity of Stage-II connectivity; and</p> <p>(ii) Financial closure, of the project (with copy of sanction letter)</p> <p>or release of at least 10% of the project cost including the land acquisition cost through equity, duly supported by Auditor's certificate.</p>	<p>under non-LOA route. Under this clause, the eligibility criteria is to demonstrate 10% of project cost through equity infusion is very challenging and impractical.</p> <p>Equity infusion of 10% of project cost is quite a significant ask and requires huge commitment from the developer, that too without any visibility of connectivity to the desired substation. It is noteworthy to mention that grant of stage-I connectivity does not in itself guarantees any right or assurance of connectivity to the desired substation. In the absence of visibility on evacuation, any project developer will not spend such huge amount, specifically for large size projects. In case of grant of connectivity at alternate location.</p> <p>Further, the Central Government is drawing up plans to promote investment in creation of RE merchant capacity. As of now any developers planning to set up RE merchant capacity would have to apply for stage II connectivity under non LOA route (cl. 9.2.2). Needless to say that till the time his projects gets ready for fulfilling the eligibility criteria for stage II, the connectivity itself is a certain risk that the project carries. In comparison any LOA applicant may come in a very short notice period and apply for Stage I and stage II connectivity at the same location, thereby exhausting all the investment made by project developer in matter of minutes.</p> <p>In view of the abovementioned challenges and the higher risk associated with the projects being implemented under non LOA route, we request the Hon'ble Commission that commitment in the form of Board approval or some other form may be considered for granting Stage II connectivity to projects applying under Cl.9.2.2.</p>
5.	Other issues	<p>The RE project developers have been facing many challenges on account of issues related to connectivity and operationalisation of LTA as per the current provisions of the CERC connectivity Regulations 2009 and the CERC Sharing of transmission charges Regulations 2020. While we understand that these provisions are not under the scope of review under current proceedings, however we request the Hon'ble Commission to take note of these issues and initiate appropriate proceedings for mitigating these concerns of RE generators.</p> <p>a. Application of transmission charges delay in SCOD of RE project beyond the LTA operationalization date:</p> <p>The Hon'ble Commission is aware of the issues being faced by the RE developers on account of mismatch between the project SCOD and the LTA operationalization date. Many projects awarded under the central bidding guidelines are facing enormous delays</p>



on account of land procurement issues, primarily on account of change in government policies. Therefore, in cases where the RE project get delayed due to reasons beyond the control of the developer and wherein such reasons have already been accepted by the Government implementing agencies in granting extension in SCOD of these projects, similar grounds are not recognized by PGCIL for granting extension in operationalization of RE projects. Therefore, it is requested that ISTS Transmission Charges (on account of LTA operationalization) should not be levied on the wind/ solar / hybrid projects as long as extension in SCOD is granted by Central bidding agencies.

b. Waiver of requirement of LC

CERC Sharing Regulations, 2020, requires the developers to open a Letter of Credit or any other acceptable payment security mechanism, one month prior to the date of operationalization of LTA. We humbly submit that LC requirement should not be made applicable for the period from LTA operationalization to actual SOCD of Wind/Solar, if delay in actual SCOD is due to any reasons not attributable to Generators.

c. Definition of Associated Transmission System

The definition of Associated Transmission System is quite open ended and discretionary “as identified by CTU in the LTA grant”. In case of delay in COD of a generating station/unit(s), wherein the Associated Transmission System has been commissioned, the developer would be levied Yearly Transmission Charges for the Associated Transmission System corresponding to capacity of generating station/unit(s). Further, Associated Transmission System for different generator connected at the same substation at different point of time is likely to be drastically different. The generator who have applied earlier for connectivity to a substation are likely to be loaded with higher cost of entire evacuation system than those generators who get connected later to the same substation. This clearly indicated the irrationality in the definition of Associated Transmission System and the same is requested to be defined clearly.

d. Relinquishment of LTA upon termination of PPA due to force majeure

Wind/Solar projects who have terminated their PPAs subsequent to any unforeseen events beyond the control of generators and accepted by bidding agency/Appropriate Commission, should be allowed to relinquish the LTA without any penalties.