

# GREENKO ENERGIES PRIVATE LIMITED

(CIN: U40109TG2000FTC034990)

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Ref: GEPL/2019-20/CERC/RE-Conn\_Proc/01

Date: 19.08.2020

**To,**

**The Secretary,**

Central Electricity Regulatory Commission,  
3rd & 4th Floor, Chanderlok Building,  
36, Janpath, New Delhi - 110 001.

**Subject:** Submission of Comments/Suggestions on Draft Amendment to Detailed Procedure for “Grant of Connectivity to Projects based on Renewable Sources to Inter-State Transmission System

**Ref:** CERC Public Notice No. L-1/(3)/2009-CERC “Draft Amendment to Detailed Procedure for “Grant of Connectivity to Projects based on Renewable Sources to Inter-State Transmission System” dated 24<sup>th</sup> July 2020.

**Dear Sir,**

At the outset, we extend our gratitude to Hon’ble Commission for inviting comments/suggestions on the Draft Amendment to Detailed Procedure for “Grant of Connectivity to Projects based on Renewable Sources to Inter-State Transmission System. We wish to submit our observations/comments and objections/suggestions as attached herein **Annexure -I**.

We humbly request the hon’ble Commission to favourably consider our comments/suggestion in larger interest of Stakeholders.

Thanking You,  
Greenko Energies Private Limited



Authorised Signatory

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## Annexure- I: Comments/Suggestions sought by CERC on Draft Amendment to Detailed Procedure for “Grant of Connectivity to Projects based on Renewable Sources to Inter-State Transmission System

S. No.	Clause no.	Existing Clause	Background/Rationale/Suggestions	Proposed Amendment
1.	<b>9.2.1</b>	<p>An entity implementing the Renewable Hybrid Generating Station(s) <u>including Round the Clock Hybrid Project</u>, shall be eligible to apply for separate Stage-II Connectivity <u>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.</u></p> <p>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>	<ol style="list-style-type: none"><li>1. It is suggested that while finalizing the draft Detailed Procedure, <b>to align the same with the Renewable Hybrid Policy as notified by MNRE which calls for optimum utilization of Transmission infrastructure and also address the grid stability issue while allowing co-located, instead of multi located, wind-solar projects with or without storage project.</b></li><li>2. It is submitted that RE Hybrid project with or without storage, which are not necessary supplying Round the Clock power. Moreover, the definition of “Renewable Hybrid Generating Station” covers the “Round the Clock Hybrid Project”. Therefore, there is no need to put emphasize on the same. Moreover, “Round the Clock” is a power supply parameter decided by the Procurer in any bid and It should not be considered as type of project. Therefore, mentioning <b>“Round the Clock</b></li></ol>	<p>An entity implementing the <u>co-located</u> Renewable Hybrid Generating Station(s) shall be eligible to apply for Stage-II Connectivity equivalent to installed capacity of wind and/or solar project capacities, <u>which could be exceeding the quantum of power for which LOA has been awarded or PPA has been signed.</u></p> <p>Provided that the entity implementing a Standalone Energy Storage Project, a Energy Storage Service Agreement, should be recognised as a relevant document for applying Stage -II Connectivity.</p>

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			<p><b>Hybrid Project”</b> does not give any additional meaning to the clause. <b>Hence, we propose delete the same.</b></p> <p>3. Notwithstanding the above suggestions, for Renewable Hybrid Generating Station(s) located at different locations, the draft Detailed Procedure enabling for such project applying for connectivity for more than the LOA capacity. However, in case of co-located Renewable Hybrid Generating Station, there is no provision kept for applying for Stage II connectivity more than the LOA capacity. In this regard, it may be mentioned that even in <b>the Co-located Renewable Hybrid Generating Station, with or without Energy Storage System, the installed capacity of wind and/or solar capacity, could be more than the LOA capacity, such projects should be allowed to apply for Stage-II connectivity, equivalent to installed capacity of wind and/or solar project capacities. We suggest</b></p>	

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			<p><b>to incorporate the same in the proposed Clause 9.2.1 (b).</b></p> <p>4. <b>Notwithstanding</b> to our earlier suggestions, we suggest that Applicant while applying Stage-II connectivity at different locations should give proper justification for the capacity and location required for fulfilling the commitment under the requisite LOA/PPA. This will make the applicant to apply connectivity for a required quantum and location needed for a PPA and thus avoid any blocking of connectivity.</p> <p>5. <b>Notwithstanding</b> to our earlier suggestions, following illustration can also be incorporated where a developer is developing Renewable Energy project having wind or solar with storage viz project with solar and storage or wind with storage, in that case storage can be independently differently located and wind / solar can be differently located and the same stage-II</p>	

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			<p>connectivity will be applicable for both storage and solar / wind projects.</p> <p>6. <b>Notwithstanding</b> to our earlier suggestions, the “Guidelines for Tariff Based Competitive Bidding Process for Procurement of Round-The Clock Power from Grid Connected Renewable Energy Power Projects, complemented with Power from Coal Based Thermal Power Projects.” notified recently, allow that <b>the projects can be located in different states but within the Control Area of the same RLDC, for better Grid balancing.</b> Accordingly, we suggest to clarify that same under Clause 9.2.1 as well as in illustration 9.2.1 (b)</p> <p>7. It is suggested that the draft Detailed Procedure should recognise the Regulation 2(1)(b)(i)(h) of the CERC Connectivity Regulations, which qualifies the project based on standalone storage source(s) of installed capacity 50 MW or above, as an Applicant.</p>	

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			8. It is suggested that for such standalone Energy Storage Project, instead of PPA, an “Energy Storage Service Agreement” should be recognised as a relevant document for applying Stage -II Connectivity.	
2.	<u>9.2.1.b</u>	<b>Illustration: -</b> a) Suppose a bidder is awarded LOA for 500 MW to supply round the clock and it has Renewable hybrid generation project with installed capacity of 500 MW Wind, 500 MW Solar and 200 MW storage <b>at single location</b> (for injection at same interconnection point). Such project shall be eligible for Stage-II Connectivity under Clause 9.2.1, for the capacity of the project not exceeding the quantum of LOA (500 MW in the instant case). <b>If the said project intends to sell surplus power over and above LOA, it shall be required to apply for additional Connectivity under Clause 9.2.2.</b>	As suggested above.	<b>Illustration: -</b> a) Suppose a bidder is awarded LOA for 500 MW to supply round the clock and it has Renewable hybrid generation project with installed capacity of 500 MW Wind, 500 MW Solar and 200 MW storage <b>at single location</b> (for injection at same interconnection point). Such project shall be eligible for Stage-II Connectivity under Clause 9.2.1, for the capacity of the project <del>not</del> exceeding the quantum of LOA (500 MW in the instant case), equivalent to maximum possible injection into the grid <del>surplus power over and above LOA, it shall be required to apply for additional Connectivity under Clause 9.2.2.</del>
3.	<u>9.2.2</u>	(i) Ownership or lease rights or land use rights for 50% of the land	In case of a Renewable Energy Park Developer, who is responsible only for acquisition of land, pooling sub-station clearances/approvals and other	<b>A.</b> (i) Ownership or lease rights or land use rights for 50% of the land required for the capacity of Stage-II connectivity; and

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		<p>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</p> <p>Release of at least 10% funds towards generation project execution of the project cost including the land acquisition cost through equity, duly supported by Auditor's certificate.</p>	<p>infrastructure of the renewable park like roads, fencing, water etc. Therefore, their project cost should not include generation project cost to be setup by the successful bidders in the Park.</p> <p>Moreover, Standalone Pump Storage projects need more lead time due to design, engineering, forest land acquisition, CEA/CWC &amp; Ministry of Environment and Forests (MoEF) approval, therefore, the Clause 9.2.2 of the draft Procedure should also include "Government Order" or "MoU with the State Government" approving the project along with the project location and tentative scheduled commissioning date, as an alternative valid documentary evidence for applying Stage II connectivity under 9.2.2. Such project developer anyway have to meet various deadlines related to land ownership, financial closure &amp; commissioning schedule, as mentioned in State Government Approval Order.</p>	<p>(ii) Financial closure, of the project (with copy of sanction letter)</p> <p>Or</p> <p>Release of at least 10% funds towards generation project execution of the project cost including the land acquisition cost through equity, duly supported by Auditor's certificate.</p> <p><b>Provided that for Renewable Power Park Developers, the 10% towards the project cost corresponds to the Park Infrastructure cost .</b></p> <p><b>Provided further that in case of Standalone Pump Storage projects, a "Government Order" approving the project along with the project location and tentative scheduled commissioning date or "Memorandum of Understanding" signed with the State Government, shall be considered as valid documents for applying Stage II connectivity.</b></p>
4.	<u>10.10</u>		<p>In accordance with the LTA Agreement, developer is required to open Letter of Credit towards Transmission charges, however, developer has already submitted the CONN BG-</p>	<p>Additional clauses to be added: The L/C for transmission charges shall be adjusted against CONN BG-1 &amp; Conn-BG2</p>

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			1 & CONN BG-2 to CTU at the time of grant of connectivity. So, we request Hon'CTU to adjust the CONN BG 2 for transmission charges instead of opening of Letter of Credit. Since the Transmission charges are waived for projects using wind and solar resources, the opening of L/C should not be insisted and in case of delay in commissioning of project and its LTA operationalized, the Transmission Charges liability can be received by encharging CONN BG-1 and CONN BG-2	
5.	<u>14.1</u>	An applicant who is a Stage-I Connectivity grantee or is applying for Stage-I Connectivity and Stage-II Connectivity simultaneously, may apply for Stage-II Connectivity at the bay already allocated to another Stage-II Connectivity grantee along with an agreement duly signed between the applicant and the Stage-II Connectivity grantee for sharing the dedicated transmission line. The Stage-II	This provision of sharing of connectivity between the two developers will help in optimal utilization of the dedicated Transmission Assets of the Applicant as well as ISTS infrastructure. However, the process of sharing the spare capacity of one developer with other developer(s) should be through a coordinated planning process of CTU so that in case spare capacity available with a particular developer, if not utilised within a reasonable time, may be allocated to a another developer(s), who seek connectivity at the same locations for sharing the cost of dedicated transmission Assets. We suggest that the Hon'ble Commission may evolve norms which would be known to every developers upfront before sharing.	

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		Connectivity shall be granted to such applicant subject to availability of capacity in the dedicated transmission line.		
6.	<u>16.5</u>	CTU shall share the available capacity of the ISTS sub-station (including bay wise availability) with the designated agencies as notified by the Government who may take the same into consideration while inviting the bids.	Updated information on available spare capacities of the ISTS sub-station (including bay wise availability) should be made public to enable RE project developers to plan future projects at such locations.	CTU shall share updated information from time to time regarding Maximum RE power integration possible at ISTS substation at each voltage class (including bay availability) and published the same <b>on its website</b> .
7.	<u>Mis.</u>		<b>We suggest that the relevance of Stage I application and grant of the same needs to be relooked</b> considering the following proposal made in the draft Detailed Procedure:  a. Alternate location of connectivity will not be mentioned while granting Stage-I connectivity. b. Grant of Stage-I Connectivity is not creating any rights in favour of the grantee. c. if capacity at the location where Stage-I Connectivity is granted becomes unavailable at a later stage, an alternate location will be allocated at the time of grant of Stage-II Connectivity.	

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			In view of above, it is suggested that the two-stage process of granting Connectivity to be removed.	
8.	<u>5.2</u>	5.2 Utilisation of Connectivity granted to the Parent Company by its Subsidiary company (ies) and Transfer of Connectivity	<p>As per clause 5.2 of existing Procedure for Grant of Connectivity to Projects based on Renewable Energy Sources to Interstate Transmission System, the Stage-II Connectivity (and subsequently LTA) granted to a company may be utilized by its wholly owned (100%) subsidiary company(ies) including SPVs, subject to the condition that the parent company cannot sell its shareholding in the subsidiary companies before the lock-in period of one year from commencement of power supply from such subsidiaries. Relevant clause is reproduced below for reference:</p> <p><i>“5.2 Utilisation of Connectivity granted to the Parent Company by its Subsidiary company (ies)</i></p> <p><i>5.2.1 The Connectivity granted to a company may be utilised by its wholly owned (100%) subsidiary company(ies) including SPVs. 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>Further, it is relevant to note that Hon’ble CERC in its Seventh Amendment to CERC’s Grant of Connectivity, Long-term Access and Medium-term</p>	<p><i>“Provided that where such parent company, has formed SPV to implement the project won in bidding carried out by an agency of the Government, and such SPV has entered into PPA with the Government Agency, the Connectivity/LTA may be transferred to such SPV subject to the condition that Control of the SPV prevalent at the time of signing of PPA shall not be changed until one (1) year after COD of the Project</i></p>

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			<p>Open Access in inter-State Transmission and related matters Regulations, 2019, dated 09.01.2019 has incorporated a provision for Transfer of Connectivity from the Parent Company to the wholly owned subsidiary companies. The said provision has been incorporated under Clause 8(A) and reads as follows:</p> <p><i>“8A. Transfer of Connectivity and LTA A person shall not transfer, assign or pledge its connectivity or LTA either in full or parts 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 transfer their connectivity and LTA to the parent company and vice versa one year after achieving commercial operation of Renewable Energy generating station(s): Provided further that transfer of Connectivity and LTA from the parent company to more than one 100% subsidiary shall be permitted one year after the commercial operation of the generating station of the last subsidiary and subject to minimum capacity as per Regulation 2(1)(b):</i></p>	

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			<p><i>Provided also that till such Connectivity and LTA are transferred, the concerned subsidiary company(ies) shall be allowed to utilize the Connectivity and LTA granted to the parent company and vice versa."</i></p> <p>In view of the above, it is evident that the Detailed Procedure and the CERC (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) Regulations, 2019, permit the utilization of the Connectivity &amp; LTA granted to a Company, by its 100% owned subsidiary companies/SPVs, as long as the shareholding lock-in conditions are fulfilled.</p> <p>Clause 8A permits that the Connectivity and LTA granted to the Parent can be utilised by the concerned subsidiary company(ies) and vice versa. However, this <b>flexibility is accorded to only 100% Subsidiaries/SPV of a Connectivity and LTA Grantee which is not in line with the RfS, PPA and Wind Bidding Guidelines wherein it is permitted that upto 49% of the shareholding of such Subsidiary/SPVs may be transferred after execution of PPAs provided Control of the Subsidiary/SPV prevalent at the time of signing of PPA shall not be changed until one (1) year after COD of the Project. Until this condition is met, Hon'ble CERC should allow the transfer, over and above just utilisation, of the Connectivity and LTA from a Connectivity and LTA Grantee to its</b></p>	

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			<p><b>Subsidiary/SPV in which it retains Control.</b> Raising equity finance from external investors may become a necessity in current times and while it is being allowed in RfS and PPA, will violate the requirements of connectivity and LTA as per the current provision as explained herein above.</p> <p><b>It is suggested that the Hon'ble CERC should align its Connectivity Regulation and procedure with the bidding document issued in accordance with the Standard Bidding Guidelines issued under Sec 63 of the Act by the Ministry of Power.</b></p>	
9.	<u>5.2</u>	5.2 Utilisation of Connectivity granted to the Parent Company by its Subsidiary company (ies) and Transfer of Connectivity	<p>It is requested to allow the Transfer/Utilize of connectivity and LTA to the Affiliate of the original grantee, in case the LoA or PPA gets cancelled due to the reason not attributed to the Developer like: PPA termination due to any Force Majeure event, Central/State bidding Agency not able to execute the PSA with the Distribution Licensee or get approval of PSA from Appropriate Commission etc.</p> <p>since the cancellation of Connectivity &amp; LTA with imposition of relinquishment charges would be an additional burden on the developers, we request to allow transfer/utilize the Grid Connectivity and LTA granted to an affiliate/parent, "sister concern" of original Grantee without any relinquishment charges or allowed them to exit without any relinquishment charges.</p>	<p><b>Following to be added:</b></p> <p>In case the LoA or PPA against a project is cancelled and/or terminated, for any reason not attributed to the Renewable Energy Developer, in such cases the Renewable Energy Developer will be allowed to use/transfer the such connectivity and LTA, for any other project(s), to be developed by the same Renewable Energy Developer or its subsidiary/affiliate companies within a period of two-three years and accordingly timelines under the existing TSA and LTAA should be suitably extended without any penalty, In this subsidiary/ affiliate company, the parent company shall have at least 51 % stake. Or, the developer will be allowed to exit from TSA and LTAA and return back the BGs and no relinquishment charges for the LTA granted</p>