

GREENKO ENERGIES PRIVATE LIMITED

(CIN: U40109TG2000FTC034990)

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Ref: GEPL/2019-20/CERC/RE-Conn_Proc/20200816

Date: 16.08.2020

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 24th 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	Proposed Amendment	Rationale
1.	<u>5.2</u>		<p>To be added:</p> <p>In case the LoA or PPA against a project is cancelled for any reason not attributed to the Renewable Energy Developer, then the developer will be allowed to use/transfer the existing connectivity and LTA (whose PPA is terminated), for other new projects, developed by 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.</p> <p>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>	<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 Majure 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 & 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.</p>
2.	<u>9.2.1. b</u>	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	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	<p>We submit that 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.</p> <p>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. Mentioning “Round the Clock Hybrid</p>

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		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.	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>Project” does not give any additional meaning to the clause. Hence, we propose delete the same.</p> <p>We further submit that the concept of hybridization of wind & solar energy came into existence through National Solar Wind Hybrid Policy dated 14.05.2018 for efficient utilization of the Transmission asset. However, efficient utilization of Transmission asset can only be done If components are co-located. Multi located Renewable energy components would amount to wastage of Transmission Assets.</p> <p>In view of above, we request to align the procedure in line with hybrid policy and consider the “hybrid” project concept having Renewable Energy Components co-located.</p>
3.	<u>9.2.1. b</u>	<p>Illustration: -</p> <p>b) Suppose a bidder is awarded LOA for 500 MW under Round the Clock Hybrid Scheme with projects at multiple locations - 500 MW(Solar) in State “A” and 700 MW(Wind) in State “B”. 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) at each location on the basis of same LOA. If the said project intends to sell surplus</p>	As needed.	As per the illustration the projects are located in two different states. It is to be noted that 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 the he projects can be located in different states but within the Control Area of the same RLDC, for better Grid balancing.

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		power over and above the quantum for which Stage-II Connectivity has been granted under Clause 9.2.1, it shall be required to apply for additional Connectivity under Clause 9.2.2.		Considering the same, we suggest to clearly specify that the projects should relate to the same RLDC area.
4.	<u>9.2.2</u>	(i) Ownership or lease rights or land use rights for 50% of the land required for the capacity of Stage-II connectivity; and (ii) Financial closure, of the project (with copy of sanction letter) Or 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.	A. (i) Ownership or lease rights or land use rights for 50% of the land required for the capacity of Stage-II connectivity; and (ii) Financial closure, of the project (with copy of sanction letter) Or 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. Provided that for Renewable Power Park Developers, the 10% towards the project cost corresponds to the Park Infrastructure cost . 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	In case of a Renewable Energy Park Developer, who is responsible only for acquisition of land, pooling sub-station clearances/approvals and other 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. Moreover, Standalone Pump Storage projects need more lead time due to design, engineering, forest land acquisition, CEA/CWC & 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 & commissioning

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			documents for applying Stage II connectivity.	schedule, as mentioned in State Government Approval Order.
5.	<u>10.10</u>		Additional clauses to be added: The L/C for transmission charges shall be adjusted against CONN BG-1 & Conn-BG2	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-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 encashing CONN BG-1 and CONN BG-2
6.	<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		Hoarding/trading of connectivity would not be possible with this proposal. If dedicated line /bay capacity is spare, the same can be utilised

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		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 Connectivity shall be granted to such applicant subject to availability of capacity in the dedicated transmission line.		by new applicant and it would be win-win for both, by cost sharing and with optimal utilization of assets, provided that the original grantee doesn't have any plan to enhance the connectivity.
7.	<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.	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 on its website .	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.
8.	<u>Mis.</u>			Regulation 2(1)(b)(i)(h) of the CERC Connectivity Regulations, qualify the project based on standalone storage source(s) of installed capacity 50 MW or above, as an Applicant. Such standalone Energy Storage Project, instead of PPA, enter into an "Energy Storage Service Agreement" the same be recognised as a relevant document.
9.	<u>Mis.</u>			Relevance of Stage I application and grant of the same needs to be relooked into based on the following proposal in the draft Procedure:

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				<p>a. Alternate location of connectivity will not be mentioned while granting Stage-I connectivity.</p> <p>b. Grant of Stage-I Connectivity is not creating any rights in favour of the grantee.</p> <p>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.</p> <p>In view of above, it is suggested that the two stage process of granting Connectivity to be removed.</p>
10.	5.2	The utilisation and transfer of Connectivity shall be governed in accordance with Clause 8A of the Connectivity Regulations.	<p>We would request the Commission to amend Clause 8A of the Connectivity Regulations by adding the following clause:</p> <p>A company to whom the Connectivity is granted shall not be allowed to transfer its shareholding up to 51%/transfer the controlling shareholding, till one year after achieving commercial operation of Renewable Energy generating station(s):</p>	<p>The Commission while restricting transfer of connectivity, in the past, had allowed the Connectivity to be used by 100% subsidiaries of the company holding the connectivity, until 1 year after COD, post which the connectivity could be transferred to such subsidiary. The restriction on usage of connectivity by only 100% subsidiaries was primarily to restrict trading of connectivity.</p> <p>While this has proved effective, it has still left a loophole in the process. Post this ruling,</p>

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				<p>equipment manufacturers / project developers, who are not the final owners of the project, have applied for connectivity directly through their 100% owned SPVs under Clause 9.2.2 of the Procedure rather than through their holding companies. Post grant of connectivity and part development, they have offered these SPVs to be taken over by IPPs just before the bid process/after the bid process. The primary resource being traded in such transactions is the connectivity, which being a national resource, should not be allowed to be traded.</p> <p>The proposed change would prevent connectivity being traded. The shareholding restriction up to 51%/controlling shareholding till one year after achieving COD is similar to the restrictions on shareholding under the bid process and thus would be in line with the bid conditions also.</p>