

**Ref No: Grid/CERC/RE Connectivity**

**August 16, 2020**

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

**Sub: Comments on Draft Amendment to Detailed Procedure for “Grant of Connectivity to Projects Based on Renewable Sources to Inter-State Transmission System”**

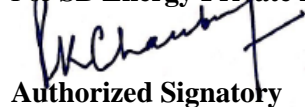
Dear Sir,

The Hon’ble Commission, vide public notice dated 24.07.2020 invited comments/ suggestions/ objections on the subject Draft Amendment.

The present submission at Annexure-1 is in response to the said notice. We request the Commission to accept this submission on record.

Thanking you,

For **SB Energy Private Limited**



**Authorized Signatory**

**Name: Purnendu Kumar Chaubey**



**Encl.: As above**

**SB ENERGY PRIVATE LIMITED**

(formerly known as SB SOLAR SERVICES PRIVATE LIMITED)

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CIN: U74140DL2015PTC283928

**Annexure-1**

- At the outset, we would like to place on record the commendable work being done by the Hon’ble Commission in bringing out this progressive amendment to the RE Connectivity procedures. Particularly, rationalisation of Bank Guarantee requirements would certainly bring relief to a lot of stakeholders in today’s uncertain financial environment.
- Our detailed comments are as under:

S. No.	Clause No.	Existing Provisions	Proposed Amendment	Our Comment
1.	9.2.1 (b)	-	<p><b>New Provision</b></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>While this new provision paves way for virtual hybrid power projects, further clarity shall be needed for the Long-Term Access in such cases.</p> <p>To put forth, Illustration b) provides for connectivity restricted to LOA quantum 500 MW in State A and State B separately under 9.2.1 route. LTA is presently granted from Point A (injection) to Point B (delivery). So, two separate LTAs needed in the present case. There shall then be two separate transmission charges liabilities. However, the present exemption on transmission charges is restricted only for the LOA quantum i.e. 500 MW.</p> <p>Further, clarity on DSM is needed, whether the deviation shall be calculated at individual connectivity point or for the project as a whole.</p>
2.	9.3.2A and 11.2 (C)	-	<p><b>New Provision</b></p> <p>If a grantee of Stage-II Connectivity covered under Clause 9.2.2, subsequently submits the LOA or the PPA with the Renewable Energy Implementing Agency or the distribution licensee, as the case may be, consequent upon tariff based</p>	<p>The clause provides for mutation of Connectivity granted under Clause 9.2.2 to deemed Connectivity under Clause 9.2.1.</p> <p>While the provision shall facilitate developers, but when read with the proposed amendment to Clause 11.2 (removal of requirement of 24 months for completion of</p>

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			<p>competitive bidding within the timeline under Clause 9.3.2, it shall be deemed to be a grantee under Clause 9.2.1 and shall be required to meet the conditions under Clause 9.3.1.</p> <p>11.2 (C) In case of applicants which have been granted Stage-II Connectivity under Clause 9.2.2 but are subsequently covered under Clause 9.3.1, the last date for completion of dedicated transmission line(s) and pooling sub-station(s) shall be the SCOD of the project or as extended by the bidding agency.</p>	<p>dedicated transmission line), it has the potential to lead to squatting on the connectivity for a long period of time.</p> <p>Given the lower gestation period of the RE projects, it is of utmost priority to prevent any such squatting to provide fair opportunity to serious RE players.</p> <p><b>Proposed Change:</b> Delete 11.2 (C) and add following in 9.3.2A “..... it shall be deemed to be a grantee under Clause 9.2.1 and shall be required to meet the conditions under Clause 9.3.1. However, Clause 11.2 A (a) shall not be applicable in such cases and the dedicated transmission line and pooling substation(s) shall be required to be completed as per Clause 11.2 A (b)”</p>														
3.	10.10	<p>Conn-BG shall be issued by a scheduled bank in favour of “Power Grid Corporation of India Ltd”, as per the format given at FORMAT-RCON-BG, for the amount indicated below (as applicable):</p> <table border="1"> <thead> <tr> <th>Quantum</th> <th>Conn-BG</th> </tr> </thead> <tbody> <tr> <td>Upto 80 MW</td> <td>Rs 1,00,00,000</td> </tr> <tr> <td>Upto 300 MW</td> <td>Rs. 5,00,00,000</td> </tr> </tbody> </table>	Quantum	Conn-BG	Upto 80 MW	Rs 1,00,00,000	Upto 300 MW	Rs. 5,00,00,000	<p>Conn-BG1 and Conn-BG2 shall be issued by a scheduled bank in favour of “Power Grid Corporation of India Ltd”, as per the format given at FORMAT-RCON-BG, for the amount as detailed below: (a) Conn-BG1 and Conn-BG2 shall be furnished by the applicants as detailed below:</p> <table border="1"> <thead> <tr> <th>Bay Allocated</th> <th>Conn-BG1</th> <th>Conn-BG2</th> <th>Additional Conn-BG2 for each addl bay</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Bay Allocated	Conn-BG1	Conn-BG2	Additional Conn-BG2 for each addl bay					<p>The proposed rationalization of Connectivity BG amount basis the bay allotment is welcome and appropriate way to protect ISTS investment.</p> <p>Also, in the present COVID-19 times, there is financial uncertainty. Non-cash limits of the project developers have been seriously impacted. Any Bank Guarantee submitted must have a just and proper reason for the same. We appreciate the Hon’ble Commission in simplifying the requirements considering the costs associated with construction of bays.</p>
Quantum	Conn-BG																	
Upto 80 MW	Rs 1,00,00,000																	
Upto 300 MW	Rs. 5,00,00,000																	
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S. No.	Clause No.	Existing Provisions		Proposed Amendment				Our Comment
		For every incremental 300 MW	Rs. 5,00,00,000	132 kV	50 lakhs	3 crore	3 crore	Our request would be that on approval of these amended procedures, these provisions be also made applicable to under construction projects which have already been granted Connectivity and have submitted Conn-BG. This shall lead to freeing up of lot of unnecessary Bank Guarantees and shall help the developers in these uncertain times.
		Examples: (a) For 1850 MW, applicable Conn-BG shall be Rs. Thirty five Crore. (b) For 400 MW, applicable Conn-BG shall be Rs. Ten Crore.		220/230 kV	50 lakhs	3 crore	3 crore	
				400 kV	50 lakhs	6 crore	6 crore	
				Provided that Conn-BG 2 shall not be payable if the grantee constructs the bay by itself or is granted a bay which is already allocated to other applicant(s);				
4.	10.10 (b)	-		<b>New Provision</b> (b) In case Stage-II Connectivity is revoked in accordance with Clause 9.3.3 or Clause 11.2. of this Procedure, Conn-BG1 and Conn-BG2 shall be encashed.  Provided that Conn-BG2 shall be returned to the grantee if at the time of revocation of Stage-II Connectivity, the concerned transmission licensee has not awarded the package for construction of bay(s) in connection with Stage-II Connectivity.				For the cases in which the project developer has to change the project location (due to land or other issues) and applies for fresh connectivity at another substation, treatment of Conn-BG1 & 2 can be inserted here.  <b>Proposed Addition:</b> Provided that in case the grantee itself applies for revocation due to change in location or otherwise, the Conn-BG2 shall be returned to the grantee if at the time of revocation of Stage-II Connectivity, the concerned transmission licensee has not awarded the package for construction of bay(s) in connection with Stage-II Connectivity. Further, the submitted Conn-BG1 shall be utilized at the new connectivity substation location.
5.	10.11	Conn-BG shall be discharged six months after commencement of		Conn-BG1 and Conn-BG2, if not encashed in accordance with Clause 9.3.3 or Clause 10.10(b) shall be returned within 30 days				It is submitted that in case if the grantee applies for Long Term Access and is granted the same with system strengthening, it is required to submit a BG of ₹5 lakhs/MW.

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		evacuation of power from the renewable project.	of declaration of commercial operation of the generation project.	<p>Thus, the applicant is now burdened with two Bank Guarantees covering the system strengthening and construction of bays for connectivity. The same was not present in the previous Connectivity procedure for conventional sources wherein the Hon'ble Commission had restricted the total BG amount to ₹5 lakhs/MW which was deemed sufficient to deter the applicants from making frivolous applications.</p> <p>The 2009 procedure for Grant of Connectivity for conventional projects stated that</p> <p><i>"In case application for Grant of Connectivity and Grant of Long Term Access are made concurrently or after a time gap, then the requirement of submission of above BG should be read in conjunction with the clause for Bank Guarantee of Rs. 5 lakhs per MW for construction/augmentation of transmission system under "Procedure for Grant of Long Term Access". In such cases the total BG required to be submitted for both the construction of dedicated line as well as for augmentation of transmission system together, at any time, shall not exceed Rs. 5 Lakhs per MW"</i></p> <p><b>Proposed Modification:</b> Conn-BG1 and Conn-BG2, if not encashed in accordance with Clause 9.3.3 or Clause 10.10(b) shall be returned within 30 days of declaration of commercial operation of</p>

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				the generation project or on submission of Construction phase Bank Guarantee for Long Term Access.
6.	11.2	The Stage-II Connectivity grantees shall be required to complete the dedicated transmission line(s) and pooling sub-station(s) within 24 months from the date of intimation of bay allocation at existing or new / under-construction ISTS sub-station. If the grantee fails to complete the dedicated transmission line within the stipulated period, the Conn-BG of the grantee shall be encashed and Stage-II connectivity shall be revoked. The payment received in terms of these provisions shall be adjusted in the POC pool	<p>(A)The Stage-II Connectivity grantees shall be required to complete the dedicated transmission line(s) and pooling sub-station(s) on or before:</p> <p>(a) the scheduled date of commercial operation of the generation project, for cases covered under Clause 9.2.1, as intimated at the time of making application for grant of Stage-II Connectivity or as extended by the Renewable Energy Implementing Agency or the distribution licensee, as the case may be.</p> <p>(b) six months after the scheduled date of commercial operation as intimated at time of making application for grant of Stage-II Connectivity, for cases covered under Clause 9.2.2.</p> <p>(B) If a grantee fails to complete the dedicated transmission line(s)and/or pooling sub-station(s) within the timeline stipulated under sub-Clause (A) above,</p>	<p>The gestation period of transmission projects is more than the RE projects. To address the mismatch, Hon'ble Commission has provided for Regulatory approval of such transmission projects wherein the beneficiaries are not known a priori. The work on transmission schemes starts before the RE projects and finishes together with RE generation. Thus, there is less chance of unutilized transmission assets.</p> <p>The RE related transmission schemes developed under such approvals should not be allowed to be blocked by generation projects whose COD exceeds the transmission gestation period. Such kind of RE projects are an exception and not a rule. These exceptions always have an option for getting evacuation developed by CTU under coordinated planning as is being done for conventional projects (Thermal, Hydel etc.) wherein both the transmission and generation projects have similar gestation period. Such longer duration projects need not be covered under these procedures.</p> <p>Grant of connectivity to such projects under present procedures has the potential of blocking the connectivity and unavailability of connectivity for RE projects which have a shorter commissioning period (which is the case with majority of projects being bid-</p>

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			<p>Stage-II Connectivity shall be revoked and Conn-BG1 and Conn-BG2 shall be encashed, as per provisions of Clause 10.10.</p> <p>(C) In case of applicants which have been granted Stage-II Connectivity under Clause 9.2.2 but are subsequently covered under Clause 9.3.1, the last date for completion of dedicated transmission line(s) and pooling sub-station(s) shall be the SCOD of the project or as extended by the bidding agency.</p>	<p>out) and require transmission corridor availability within a short period. This shall be unfair to the majority of RE generators who have shorter period till commissioning.</p> <p>The criteria of 24 months seem optimal and deters the non-serious players. It also prevents any unnecessary squatting on the connectivity by the grantee. The number of months itself can be debated basis the available data from CTU.</p> <p><b>Our Proposal:</b> Retain the original provision and add a proviso</p> <p>Provided that relaxation at a later stage, if any, shall be granted by the CTU on recommendation from the Renewable Energy Implementing Agency or the distribution licensee, as the case may be, to be submitted along with extension granted in SCOD to such projects.</p>

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