

MB POWER (MADHYA PRADESH) LIMITED

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MBPMPL/ANP-I/CERC/2021-22/697

11.02.2022

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

Subject: *Comments/ suggestions/ objections of MB Power (Madhya Pradesh) Limited on the Draft CERC (Connectivity and GNA in ISTS) Regulations, 2021.*

Ref: (i) *CERC Public Notice No. L-1/261/2021/CERC dated 16.12.2021.*
(ii) *CERC Public Notice No. L-1/261/2021/CERC dated 14.01.2022*

Dear Sir,

We write in reference to the above referred Public Notice(s) dated 16.12.2021 and 14.01.2022 issued by this Hon'ble Commission vide which Draft CERC (Connectivity and GNA in ISTS) Regulations, 2021 ("*Draft Regulations*") were issued and comments/ suggestions/ objections of various stakeholders were invited on these Draft Regulations.

We, MB Power (Madhya Pradesh) Limited, are a Generating Company having an operational 1200 MW (2X600 MW) coal based Thermal Power Project in district Anuppur of Madhya Pradesh. We are hereby furnishing our detailed comments/ concerns/ suggestions on these Draft Regulations (enclosed herewith as *Annexure-I*) for the kind consideration of the Hon'ble Commission.

We hope this Hon'ble Commission would acknowledge a genuine merit in our comments/ concerns/ suggestions and would consider the same favourably while finalising these Regulations.

Thanking You,

Yours Truly



Abhishek Gupta
General Manager (Regulatory & Commercial)
MB Power (Madhya Pradesh) Ltd.

Annexure-1: MB Power (Madhya Pradesh) Limited's comments/ concerns/ suggestions on the draft Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2021.

1) Regulation 4.1 and 4.2 of the draft Regulations regarding enhancement of Existing Connectivity.

AND

Regulation 37.6 of the draft Regulations and Item# 8 under Para 16.3 of the Explanatory Memorandum dated 26.01.2022 with respect to transition of existing Connectivity and LTA into GNA

Our Comments: Currently, there are numerous existing generating stations where the existing operational Connectivity is less than their installed capacity on account of factors like exclusion of auxiliary consumption from the installed capacity etc. As such, Regulations 4.1 and 4.2 shall suitably facilitate such existing generating stations to enhance their existing Connectivity up-to their installed capacity. However, for the purpose of such enhancement of existing connectivity, such generating stations shall be required to furnish the Bank Guarantees (“BGs”) (Conn-BG1, Conn-BG2 and Conn-BG-3 as the case may be) in terms of Regulation 8.

Similarly for the existing generating stations where the Connectivity and part LTA (Granted on Target Region) are effective/ operational, Regulation 37.6 of the draft Regulations and Item# 8 under Para 16.3 of the Explanatory Memorandum provide that:

- (i) The existing LTA (granted on Target Region) shall be deemed converted into GNA and;
- (ii) The generating station shall be required to apply for GNA for the balance generating capacity for which no LTA has been granted.

However for both (i) and (ii) above, these existing generating stations are required to furnish the Bank Guarantees (Conn-BG1, Conn-BG2 and Conn-BG-3 as the case may be).

Further, the above BGs submitted for enhancement of existing operational Connectivity and/or towards deemed conversion of existing LTA granted on Target Region in GNA as also towards fresh GNA for the balance capacity shall be returned in terms of Regulation 16 as under:

- a) Conn-BG1 shall be returned within 30 days of the COD of the installed capacity and;
- b) Conn-BG2 & Conn-BG3 shall be returned within 5 Yrs of COD of the installed capacity.

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The purpose of the above BGs is NOT to have a Payment Security Mechanism in place for the injecting entities since as per Regulation 40, the injecting entities are not required to pay any transmission charges and losses for use of the ISTS and the transmission charges and losses shall be shared among the buying entities only. Further, these BGs are en-cashable only in the event of relinquishment/ surrender of Connectivity with-in 5 Yrs of COD of the generating station.

As evident from the above, the limited purpose to seek these BGs is to ensure seriousness of the project developers to set-up the generating stations in timely basis and to filter-out non serious players/ minimize the scope of project abandonment. Once a generating station achieves COD and operates for a period of 5 Yrs thereafter, the entire BGs shall be returned. As such, the draft Regulations duly acknowledges post COD operation of 5 Yrs as a benchmark to assess the seriousness of the project developers.

In view of the above, for the existing generating stations who are already under operation for more than 5 Yrs, there is no rationale in submission of fresh BGs towards enhancement of their existing operational Connectivity and/ or towards deemed conversion of existing LTA (granted on Target Region) in GNA as also towards fresh GNA for the balance capacity, since these generating stations have already demonstrated seriousness and hence the very objective towards submission of BGs (Conn-BG1, Conn-BG2 and Conn-BG-3) has already been met.

Further, even if these BGs are to be submitted by such generating stations, the same are liable to be returned back within the maximum period of 5 Yrs post COD of the installed capacity ("**BG Return Period**") in terms of Regulation 16. Since, for the existing generating stations which are operational for more than 5 Yrs, such BG Return Period has expired even before submission of BGs. As such, for the generating stations which are under operations for more than 5 Yrs towards, the requirement of BGs submission towards (a) enhancement of their existing operational Connectivity and/ or (b) towards deemed conversion of existing LTA (granted on Target Region) in GNA as also towards fresh GNA for the balance capacity stands redundant.

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In view of above, it is earnestly requested that the requirement of submission of fresh BGs towards (a) enhancement of their existing operational Connectivity and/ or (b) towards deemed conversion of existing LTA (granted on Target Region) in GNA as also towards fresh GNA for the balance capacity by the generating stations who are under operations for more than 5 Yrs be done away with while finalizing these Regulations.

Further, the above category of the existing generating stations shall be required to apply afresh for the enhancement of Connectivity and also for GNA corresponding to the balance generation capacity not currently having LTA. However processing of these applications may take 2 months in case no system augmentation is required and may require more time if augmentation of transmission system is required. However, according to the Draft Regulations, such generating stations will not be able to schedule/ inject power more than the existing Connectivity and LTA till the time additional Connectivity and GNA are granted. **This may lead to a precarious situation of bottling of generation capacities for a substantial period. To address this genuine threat, it is requested that suitable provisions be made in the Regulations to permit injection/ scheduling of the quantum up-to the installed capacity by the existing generating stations till the time both these additional Connectivity and GNA are made operational, provided such generating stations make applications for grant of additional Connectivity and GNA for the balance capacity within say 2 months of these Regulations coming into force.**