

Ref: ABERPL/2022-23/CERC

February 27, 2023

To:

**Central Electricity Regulatory Commission**

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36, Janpath,

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**Your Ref: L-1/261/2021/CERC dated 16th February, 2023**

**Subject: Comments/suggestions on Draft Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) (First Amendment) Regulations, 2023.**

Dear Madam / Sir:

This is with reference to the Public Notice ref no L-1/261/2021/CERC dated 16th February, 2023.

The GNA policy is a forward looking policy that would will simplify the injection and drawl of power from the transmission network. It will provide generators and offtaker, the flexibility of both injection and drawal. The proposed policy framework will boost bilateral power offtake agreements, reduce cost of power and help in meeting the increasing demand for power.

We would like to draw your attention to one of the proposed new clause namely, clause (xi) that is to be added after clause (x) of Regulation 5.8 of the Principal Regulations:

- i) Registered Title Deed as a proof of Ownership or lease rights or land use rights for 50% of the land required for the capacity for which Connectivity is sought; and*
- ii) Auditor's certificate, certifying the release of at least 10% of the project cost including the land acquisition cost through equity.*

**Comment:**

While the proposed policy framework would facilitate bilateral power offtake arrangements, this specific clause will impede competition. One of the key factors to promote competition in a sector is low entry barriers. For new entrants like us, the key impediment for entering into power purchase agreements with potential offtaker(s), even after being cost competitive, is the absence of connectivity approval. Acquisition and registration of land in India typically takes 6 to 12 months. By the time land is acquired and approval for connectivity is sought, the

capacity at the CTU substation is fully tied up and / or the potential offtaker(s) would have tied up elsewhere. Currently, capacities at all the upcoming CTU substations are practically fully tied up, well in advance of commencement of construction.

While the issue of squatting of capacity needs to be addressed, the introduction of the proposed clause will act an entry barrier to new entrants, especially Renewable Energy Generators, and therefore competition in the market. This in turn will result in creation of an oligopolistic market that will impede optimization of cost of power.

**Suggestion:** Therefore, it is suggested that the clause be modified as follows

- i) Generator shall submit ownership or lease rights for 50% of the land required for the capacity of connectivity granted within 6 months from the date of grant of connectivity or within 6 months pf announcement of 5 square km location zone of the pooling station; whichever is later; failing which the connectivity shall be revoked and the Bank Guarantee (BG) encashed.*
- ii) Generator shall submit documents of Financial closure or invest at least 10% of the project cost including the land acquisition cost through equity, duly supported by Auditor's certificate, within 6 months from date of grant of connectivity, failing which the connectivity shall be revoked and the BG encashed*

This will enable a level playing field.

Further, to address squatting of Connectivity it is proposed that besides invocation of the bank guarantee, the Generator who has defaulted should be blacklisted and no connectivity application from the Generator or a Group Company of the Generator, should be approved for a period of 12 months from the date of default.

Request if the above suggestion maybe considered.

Thanking you,

Sincerely

For **ABEnergia Renewables Pvt Ltd**

**Siddharth Bhatia**  
**Managing Director**