

Ref: CMEESPL/2022-23/CERC/001

Date: 27.02.2023

To  
The Secretary  
Honourable Central Electricity Regulatory Commission  
3<sup>rd</sup> & 4<sup>th</sup> Floor, Chanderlok Building,  
36, Janpath, New Delhi – 110001

Ref: Draft Notification No. L-1/261/2021/CERC, dated 27.01.2023

Sub: Comments, Suggestions, Objections in the matter of *Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) (First Amendment) Regulations, 2023 – Reg*

Dear Sir,

CleanMax, is a leading renewable energy developer and an IPP having developed and operates more than 1250 MWs of renewable energy assets (solar, wind and wind-solar hybrid) in various parts of the work and in India having a total investment exposure of Rs. 6000 crores in the country which is expected to grow by 2x in the next financial year.

The company has been backed by marquee institutional investors like Augment Infrastructure, a US-based fund manager, UK Climate Investments (UKCI), a joint venture between the Green Investment Group and the UK Government's Department for Business, Energy and Industrial Strategy and Danish Investment fund (IFU) on behalf of the Danish SDG Investment Fund (DSDG).

The Hon'ble Commission has come out with the Draft of First Amendment to the CERC (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2022 for which the applicant would like to put their perspective and their comments and objections in the matter of proposal made by the Hon'ble Commission on:

Our Point wise Submissions is as follow:

1. In clause 4 amendment to regulations 5.8 of the Principal Regulations the draft regulations proposed that:

*(b) 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*

*(c) Auditor's certificate, certifying the release of at least 10% of the project cost including the land acquisition cost through equity."*

It is submitted that the same is not a legitimate requirement for the fact that it will lead to loss to various serious developers.

**Illustration:** Let's assume there is a substation where total capacity of 1000 MWac is available for injection of power and there are 5 serious developers with total 5000 MW who want to apply for grant of final connectivity at that substation.

For the application each of them must start acquitting minimum 50% of the land after completion of identification, due diligence, title search, conversion of land, repayment of the loans on the land and then entering into either registered lease deeds for 29 years or registered sale and purchase deeds.

Every 1000 MW of project will require minimum 3 acres of land per MW translating to 3000 Acres and with 50% it becomes 1500 Acres of land.

Acquisition of 1500 Acres acre of land including pre-operatives and repayment of loan and lease rental will cost lease around 17.25 Crores each applicant. If the first applicant completes the lease even a day before the other 4, the investment of the other four will go waste to a tune of Rs. 69 Crores for no fault of theirs.

In the event of land on sale / purchase the wastage will be minimum to a tune of Rs. 600 Crores for the other 4 applicant.

Thus, it is submitted as an evaluation criteria for seriousness of the developer the land under registered lease deeds or registered sale deeds should not be made compulsory. In case the CTU desires to ascertain the seriousness of the developer the requirement of Consent to Lease (CTL) / Agreement to Lease (ATL) and agreement to sale can be put in provision for the grant of connectivity and ones the connectivity is awarded in 6<sup>th</sup> to 9<sup>th</sup> months the developer may be asked to arrange minimum 50% of the land under registered lease deeds / sale deeds.

As another criteria of ascertaining the seriousness an net worth and / or turnover criteria along with PBITA may be kept like that in bids of SECI and others on per MW capacity of application.

- a) A minimum annual turnover of Rs. 60 lakhs/MW of the quoted capacity during the previous Financial Year (FY), if available, or a Financial Year prior to that, or as on the date at least 7 days prior to the date of submission of Connectivity application.
- b) Internal resource generation capability, in the form of Profit Before Depreciation Interest and Taxes (PBDIT) for a minimum amount of Rs. 12 Lakhs/MW of the capacity applied for connectivity, as on the last date of previous Financial Year (FY), if available, or a Financial Year prior to that, or as on the date at least 7 days prior to the date of submission of Connectivity application.

2. Further the amendment also proposes that "Auditor's certificate, certifying the release of at least 10% of the project cost including the land acquisition cost through equity" to be submitted.

Now it is important that for the matter of a solar / wind park the total project cost should be defined in line with the guidelines of the MNRE which is around Rs. 66 Lakhs per MW. (refer park scheme of MNRE of 2019 where park cost is considered)

Further, since it is submitted that land should not be made a criteria, this clause of equity made be deleted.

3. New clause 9.3 the proposed draft talks about financial closure to be achieved. In this regard it is submitted that:

- a) The definition for the financial closure needs to be defined adequately for park as well as projects.
- b) For the project apart from loan sanction / disbursal of loan other options like as mentioned below shall also be added:

for the development of the project the term "Financial Closure" may be defined as arrangement of 90% of the total project cost by the project developer either by way of commitment of funds by the project company from internal resources of its own or of the promoters / joint venture partners of the project or tie up of funds through a bank / financial institutions by way of sanction of loan or letter agreeing to finance; grants from government or other sources

- c) For the park other options of the financial closure / comfort may also be added like:

- (x) For "Development Solar Park" the "Financial Closure" may be defined as arrangement of 90% of the total project cost by the SPPD either by way of commitment of funds by the SPPD from internal resources of its own or of the promoters /Joint Venture partners of the SPPD or tie up of funds through a bank /Financial institutions by way of sanction of a loan or letter agreeing to finance; grants from Government or other sources or accruals from sale/lease /right to use of the land in the park. While commitment of funds from internal resources or loan

may be by the way of letter, commitment for proceeds from sale/lease /right to use of land may come form the SPPD in the form of a statement giving year wise expected accruals. The inflow of funds expected over the years should be enough to cover expected expenses in developing the park.

- d) As mentioned above the minimum quantum to be called as financial closure may also be defined in line with the park and project guidelines of MNRE and other central agencies.

To remove ambiguity the maximum and the minimum project which may be required to be shown for the financial closure of the project may also be defined for various technologies i.e. for solar, wind and hybrid.

We hope the Hon'ble Commission may be kind to consider our submissions in finalizing the amendment and applicant will be provided an opportunity to make their oral submissions in this matter.

Thanks and Regards

For Cleanmax Enviro Energy Solutions Pvt. Ltd.



Vidisha Dubey

General Manager -Regulatory & Govt Relations