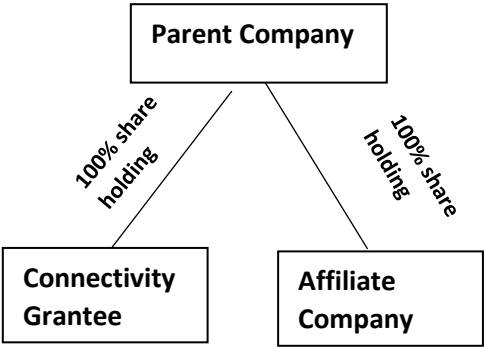


Fortum- Comments and Suggestions on Draft “Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-state Transmission System) (First Amendment) Regulations, 2023”

Sl.No	Regulation/Clause	Proposed Amendments	Suggestions/Comments	Rationale
1	Clause (xi) (b) (ii) of Regulation 5.8	(ii) Auditor’s certificate, certifying the release of at least 10% of the project cost including the land acquisition cost through equity	The clause can be amended as below; (ii) Auditor’s certificate, certifying the release of at least 10% of the project cost including the land acquisition cost through equity or Provide proof of financial closure by way of loan sanction letter from bank	This gives flexibility to developers. In land lease option, land lease charges are recurring and Opex element. Hence 10% of capex is not capitalized in this option.
2	Amendment to Regulation 7.1 & 7.2 Read with clause 3 of Regulation 13 of CERC (Sharing of inter-state Transmission Charges and Losses) (First Amendment) Regulations, 2023	In Regulation 7.1 the Word “ATS” is replaced with the word “augmentation” In Regulation 7.2 the Word “ATS” is replaced with the word “augmentation (With ATS or without ATS)	ATS should be defined in GNA regulations	The term ATS should be defined as the connectivity applicant/grantee had to provide BGs for the same.
3	New amendment of Regulation 2.1 clause (ah) Definition of RHGS	“Renewable Hybrid Generating Station” or “RHGS” means a generating station based on hybrid of two or more renewable source(s) of energy with or without Energy Storage System,	Request to change the definition as suggested	This gives flexibility and optimized integration of potential RE and storage technologies

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		connected at the same or different inter-connection point;		
4	New proposed Regulation 9.3 of the Principal Regulation	<p><i>“9.3 An applicant which is REGS (other than Hydro generating station), ESS (excluding PSP) or Renewable power park developer to which final grant of connectivity has been issued, shall have to achieve the financial closure for the capacity of such Connectivity, (a) within a period of 12 months from the date of issuance of final grant of connectivity,.....</i></p> <p><i>Provided that such an applicant shall submit proof of Financial Closure of the project (with copy of loan sanction letter or proof of first disbursement of loan amount) to CTU within 15 days of achieving the financial closure.</i></p> <p><i>Provided further that if the Connectivity grantee fails to achieve the financial closure within the stipulated time as per this regulation or fails to submit the copy of financial closure as per first proviso to this regulation Connectivity shall be revoked and Conn-BG1, Conn-BG2 and Conn-BG3 shall be treated in terms of Regulation 24.2 or Regulation 24.3 of these regulations, as applicable.”</i></p>	<p><i>“9.3 An applicant which is REGS (other than Hydro generating station), ESS (excluding PSP) or Renewable power park developer to which final grant of connectivity has been issued, shall have to achieve the financial closure for the capacity of such Connectivity, (a) within a period of 12 months from the date of issuance of final grant of connectivity, or as extended or permitted by the Renewable Energy Implementing Agency or the distribution licensee or the authorized agency on behalf of distribution licensee, as the case may be.....:</i></p> <p><i>Provided that such an applicant shall submit proof of Financial Closure of the project (with copy of loan sanction letter or proof of first disbursement of loan amount) to CTU within 15 days of achieving the financial closure.</i></p> <p><i>Provided further that if the Connectivity grantee fails to achieve the financial closure within the stipulated time as per this regulation or fails to submit the copy of financial closure as per first proviso to this regulation Connectivity shall be revoked and Conn-BG1, Conn-BG2 and Conn-BG3 shall be treated in</i></p>	<p>As per proposed new regulation 24.6, connectivity is revoked considering the time extension provided by REIA/Distribution Licensee. Any extension provided is based on force majeure events which also applies to intermediary milestone (financial closure).</p> <p>Further we request to remove revocation of connectivity at this stage if the developer fails to achieve this milestone. Standard PPA provides for provision to achieve Financial closure by payment of penalty.</p>

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			terms of Regulation 24.2 or Regulation 24.3 of these regulations, as applicable.	
5	New amendment of Regulation 15.1 of Principal Regulation	<p>15.1. A Connectivity grantee shall not transfer, assign or pledge its Connectivity and the associated rights and obligations, either in full or in parts, to any person except as provided under Regulations 15.2 and 15.3 of these regulations. Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State transmission System) Regulations, 2022</p> <p><i>Provided that Connectivity granted to a parent company may be utilized by its subsidiary companies and Connectivity granted to a subsidiary may be utilized by its parent company</i></p> <p><i>Provided further that a Connectivity Grantee who had been granted connectivity under clause (xi)(a) of Regulation 5.8, subsequently provides documentary evidence as per clause (xi) (b) of Regulation 5.8 to the satisfaction of CTU, the connectivity granted is deemed to be provided under clause (xi) (b) of Regulation 5.8</i></p> <p><i>Provided further that Connectivity Granted to Company in the above case may be utilized by its Affiliate Company</i></p>	Request to amend the clause as suggested	<p>This provision will help connectivity grantee to cover from penalties/liabilities arising out if PPA is not offered subsequent to LOA under competitive bidding route.</p> <p>There are cases where PPA is not being offered after issue of LOA. In this case developer who got connectivity under LOA route will have a choice not to loose their BGs without their fault.</p>

SI.No	Regulation/Clause	Proposed Amendments	Suggestions/Comments	Rationale
		<p><i>Illustration:</i></p>  <pre> graph TD PC[Parent Company] --- 100% share holding CG[Connectivity Grantee] PC --- 100% share holding AC[Affiliate Company] </pre>		
6	Regulation 24.6 (1) (a) (ii) – Revocation of connectivity	<p><i>the scheduled date of commercial operation of the generation project, for cases covered under clause (xi)(a) of the Regulation 5.8, as intimated at the time of making application for grant of Connectivity or as extended or delayed commissioning permitted by the Renewable Energy Implementing Agency or the distribution licensee or the authorized agency on behalf of distribution licensee, as the case may be plus the maximum time period allowed for commissioning under Power</i></p>	Request to amend the clause as suggested	Standard provisions of PPA allows to commission the plant beyond SCOD with payment of LDs.

Sl.No	Regulation/Clause	Proposed Amendments	Suggestions/Comments	Rationale
		<i>Purchase Agreement with payment of Liquidated Damages</i>		