

24th Feb 2023

To,
Shri Harpreet Singh Pruthi
Secretary
Central Electricity Regulatory Commission
3rd & 4th Floor, Chanderlok Building,
36, Janpath, New Delhi – 110 001

Ref.: CERC's Public Notice No. L-1/261/2021/CERC, dated 27.01.2023

Sub: CERC seeking comments on draft 1st Amendment to GNA Regulations - Comments from Serentica Renewables

Dear Sir,

This is in reference to the Public Notice referred above with regard to inviting of stakeholder comments and suggestions on the Draft Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) (First Amendment) Regulations, 2023.

We thank you for providing an opportunity to stakeholders to provide their comments and suggestions. Our detailed inputs are enclosed herewith for your perusal and reference. It is requested that the submitted comments be considered as suitable.

Sincere regards,



Balaji S
Director – Regulatory & Policy Advocacy
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Annexure

Serentica Renewables' Detailed Comments on draft 1st Amendment to GNA Regulations

#	Draft Language	Proposed Amended Language (changes in RED)	Remarks and Rationale
1.	<p>5.8 (vii) (b)</p> <p>(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</p> <p>(c) Auditor's certificate, certifying the release of at least 10% of the project cost including the land acquisition cost through equity."</p>	<p>5.8 (vii) (b)</p> <p>(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</p> <p>(c) Financial closure of the project (with copy of sanction letter) OR Auditor's certificate, certifying the release of at least 10% of the project cost including the land acquisition cost through equity."</p>	<p>You would appreciate that 10% of project cost for merely a 100 MW solar would be around Rs. 60 Crore and spending such money at the time of filing for connectivity would essentially go on land that at best for the entire site would approximate around Rs 5 to 6 Cr. Further there is also an uncertainty on getting connectivity at the desired substitution in the first place itself, putting thereby the initial investment at risk.</p> <p>Hence, it is requested to incorporate the clause on financial closure as per the existing 2009 Connectivity Regulations.</p>
2.	<p>5. Application for Grant of Connectivity</p> <p>5.8 (xi) In case of Applicants which are REGS (other than Hydro generating station) or ESS (excluding</p>	<p>5. Application for Grant of Connectivity</p> <p>5.8 (xi) In case of Applicants which are REGS (other than Hydro generating station) or ESS (excluding</p>	<p>With the enabling framework put into place by MNRE, CERC and especially post Ministry of Powers' notification of Green Energy Open Access Rules, 2022, Commercial & Industrial (C&I)</p>

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	<p>Pumped Storage Plant (PSP) the following documents shall be submitted:</p> <p>(a) Letter of Award (LOA) by, or Power Purchase Agreement (PPA) entered into with, a Renewable Energy Implementing Agency or a distribution licensee or an authorized agency on behalf of distribution licensee consequent to tariff based competitive bidding, as the case may be:</p> <p>Provided that in case of Applicants being multi-located REGS, the details of locations and capacity at each location, duly certified by the Renewable Energy Implementing Agency or the distribution licensee, as the case may be, shall be submitted.</p>	<p>Pumped Storage Plant (PSP) the following documents shall be submitted:</p> <p>(a) Letter of Award (LOA)—Power Purchase Agreement (PPA) entered into with, a Renewable Energy Implementing Agency or a distribution licensee or an authorized agency on behalf of distribution licensee consequent to tariff based competitive bidding or power off-take or purchase agreement entered by a Commercial & Industrial category customer under Open Access, as the case may be:</p> <p>Provided that in case of Applicant applying by submitting power offtake or purchase agreement with Commercial and Industrial category customer under Open Access, will have to submit an additional Bank Guarantee calculated at Rs. 5 Lakhs/MW, which would be returned within one month from commissioning in proportion to the capacity commissioned.</p> <p>Provided that in case of Applicants being multi-located REGS, the details of locations and capacity at each location, duly certified by the Renewable</p>	<p>category consumers are showing keen interest in off-taking green energy at a grand scale. The C&I potential market in India is estimated at 70 GW out of which only around 4-5 GW has been tapped. The remaining 65 GW would largely come connected to ISTS network for bulk evacuation that requires equitable recognition of contracts for connectivity. To fulfil the same and ensure no artificial barriers are created, LOAs should not be eligible for connectivity applications, and only firm power purchase or offtake agreements should be allowed. There should not be any inherent discrimination between SECI and C&I power purchase or delivery contracts, as both contracts are legally binding on the parties. Further, to ensure serious C&I players seek connectivity, their connectivity application through power purchase or delivery contract route should be backed by Bank Guarantee. We have suggested Rs. 5 Lakhs/MW BG as the same is equal to</p>

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		<p>Energy Implementing Agency or the distribution licensee, as the case may be, shall be submitted.</p>	<p>the BG amount given to CTUIL for long term open access on target region basis. This will help Developers with C&I PPAs to mitigate the risk of connectivity and evacuation at the desired substation basis which the PPA has been signed.</p>
3.	<p>5.8 xi (b) (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."</p>	<p>5.8 xi (b) (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 Financial closure of the project (with copy of sanction letter) OR Auditor's certificate, certifying the release of at least 10% of the project cost including the land acquisition cost through equity."</p>	<p>You would appreciate that 10% of project cost for merely a 100 MW solar project would be around Rs. 60 Crore and spending such money at the time of filing for connectivity would essentially go on land that at best for the entire site would approximate around Rs 5 to 6 Cr. Further there is also an uncertainty on getting connectivity at the desired substation in the first place itself, putting thereby the initial investment at risk.</p> <p>Hence, it is requested to incorporate the clause on financial closure as per the existing 2009 Connectivity Regulations.</p>

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4.	<p>15. Transfer of Connectivity</p> <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.</p> <p>Provided that Connectivity granted to a parent company may be utilised by its subsidiary companies and Connectivity granted to a subsidiary may be utilised by its parent company.</p>	<p>15. Transfer of Connectivity</p> <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.</p> <p>Provided that Connectivity granted to a parent company may be utilised by or may be transferred to its subsidiary companies in the entirety or in split part and Connectivity granted to a subsidiary may be utilised by or be transferred to its parent company in the entirety or in split part.</p>	<p>While intent of the Commission is clear, that subsidiary companies can utilise the connectivity of parent and vice versa, the transfer of connectivity of parent to subsidiary is not provided for in the GNA regulations. Transfer under regulation 15.3 of split connectivity is provided to any person acquiring 51% or more shareholding in the company owning REGS. As the parent company holds shares in the subsidiary and not vice versa, the subsidiary therefore cannot take benefit of transfer of connectivity under regulation 15.3. A holding company can obtain connectivity in various ISTS substations in its name while the projects are being developed through project companies or special purpose vehicles which are subsidiaries of the same holding company. The lenders require transfer of connectivity to the project company as a condition under the lending agreement, which under the GNA regulations would not be possible.</p>

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			<p>We therefore request the Hon'ble Commission to consider modification of proviso under regulation 15.1 that specifically allows transfer of connectivity of parent to subsidiary after COD of connectivity capacity in part or full.</p> <p>The above suggested modified proviso would treat transfer of connectivity to subsidiary from parent at par with transfer of connectivity under Reg 15.3 to any person holding 51% shares in the company owning the REGS and thereby create a level playing field. It shall further carry forward the principles and concepts on such transfer already present in the CERC (Connectivity, MTA, LTA) Regulations, 2009. We request the Commission to kindly issue clarification in the Statement of Reasons allowing complete transfer of connectivity post COD to the acquirer.</p>

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5.	<p>15.3 Any person which acquires 51% or more shareholding of the company or its subsidiary or affiliate company owning REGS or part thereof in terms of Regulation 15.2, may split part, apply to the Nodal Agency for transfer of Connectivity. The Nodal Agency shall issue revised grant of Connectivity on submission of applicable Conn-BG2 and Conn-BG3 by such person. The original grantee may substitute its Conn-BG2 and Conn-BG3 with revised Conn-BG2 and Conn-BG3, to be intimated by CTU. On issue of revised grant of Connectivity, such person shall enter into a fresh Connectivity Agreement and be responsible for compliance with all applicable regulations.</p> <p>Provided that all liabilities and obligations in accordance with these regulations, for the Connectivity not transferred, shall continue to remain with the original Connectivity grantee.</p>	<p>15.3. Any person which acquires or holds 51% or more shareholding of the company or its subsidiary or affiliate company owning REGS or part thereof in terms of Regulation 15.2, may after COD of REGS such split part, apply to the Nodal Agency for transfer of Connectivity for the entire capacity or such split part either in its name or the company owning the REGS. The Nodal Agency shall issue revised grant of Connectivity on submission of applicable Conn-BG2 and Conn-BG3 by such person. The original grantee may substitute its Conn-BG2 and Conn-BG3 with revised Conn-BG2 and Conn-BG3, to be intimated by CTU. On issue of revised grant of Connectivity, such person shall enter into a fresh Connectivity Agreement and be responsible for compliance with all applicable regulations.</p> <p>Provided that all liabilities and obligations in accordance with these regulations, for the Connectivity not transferred, shall continue to remain with the original Connectivity grantee.</p>	<p>From a plain reading of Reg 15.3, it appears that the person acquiring 51% or more shareholding in the company owning the REGS can only transfer split MW of connectivity and not the entire connectivity in its name. As an illustration, say company XYZ Ltd has 300 MW Connectivity. 51% shares of XYZ Ltd is acquired by ABC Ltd. As per the plain reading of Reg 15.3, ABC Ltd would have to split the 300 MW connectivity into a lesser quantum (say 250 MW) which only can be transferred to its name post COD of 250 MW as reflecting in the sentence "...may after COD of such split part, apply to the Nodal Agency for transfer of Connectivity...". Serentica has consulted reputed Law firms on the interpretation of the word 'split' in the reg 15.3 and all of them are of the opinion that by using the word 'split' the entire connectivity quantum is precluded from transfer. We understand that this might have inadvertently crept in as the intention of the Commission has always been</p>

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6.	<p>20. Application for Grant of GNA by entities other than STU</p> <p>20.4 Entities covered under clause (iii) of Regulation 17.1 of these regulations shall be eligible to apply for GNA to draw power only from renewable sources as identified at clause (2) of the Regulation 13 of the Sharing Regulations. Such GNA shall be called as GNA_{RE} for purpose of calculation of transmission charges in accordance with the Sharing Regulations. For purpose of these regulations GNA_{RE} shall be same as GNA:</p> <p>Provided that if such an entity with GNA_{RE} intends to draw power from the sources other than the sources identified at clause (2) of the Regulation 13 of the Sharing Regulations, it may:</p> <p>(a) apply for grant of additional GNA; or</p>	<p>20. Application for Grant of GNA by entities other than STU</p> <p>20.4 Entities covered under clause (ii) and (iii) of Regulation 17.1 of these regulations shall be eligible to apply for GNA to draw power only principally from renewable sources as identified at clause (2) of the Regulation 13 of the Sharing Regulations. Such GNA shall be called as GNA_{RE} for purpose of calculation of transmission charges in accordance with the Sharing Regulations. For purpose of these regulations GNA_{RE} shall be same as GNA:</p> <p>Provided that in case such entities are granted a certain quantum of GNA_{RE} ("A" MW), and then later apply for additional quantum of GNA_{RE} ("B" MW), then such additional quantum granted would be clubbed together and be considered as a single total quantum</p>	<p>to allow transfer of connectivity immediately after COD of any quantum. We therefore request the Commission to kindly issue clarification in the Statement of Reasons allowing complete transfer of connectivity post COD to the acquirer.</p> <p>While distribution licensees and bulk consumers are being adequately covered, this regulation leaves out drawee entities connected to the Intra-State Transmission system out. As such entities are eligible to apply for GNA, they should also be eligible to apply for GNA_{RE}.</p> <p>Further, as the CERC (Sharing of Inter-State Transmission Charges and Losses) (First Amendment) Regulations, 2023 have covered, GNA_{RE} would be treated separate to GNA, especially for purpose of calculation and levy of ISTS Charges. The customer having GNA_{RE} can also schedule power from sources other than those eligible for ISTS charge</p>

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	<p>(b) it may convert GNA_{RE} into GNA by making an application to the Nodal Agency."</p>	<p>of GNA_{RE} ("C" MW = "A+B" MW) post later of the date of operationalisation of GNARE.</p> <p>Provided that if such an entity with GNA_{RE} intends to draw power from the sources other than the sources identified at clause (2) of the Regulation 13 of the Sharing Regulations, it may:</p> <p>(a) apply for grant of additional GNA; or</p> <p>(b) it may convert GNA_{RE} into GNA, or vice versa, by making an application to the Nodal Agency.</p> <p>Or</p> <p>(c) Pay TDR of the State in which such and entity is located</p> <p>Provided further that the entity granted GNA and GNA_{RE} shall intimate the RLDC at the time of scheduling RE power or non-RE power whether the same shall be within its GNA quantum or GNA_{RE} quantum.</p>	<p>waver against which it shall be required to transmission charge equal to Transmission Deviation Rate of the State in which such an entity is located. The relevant extract of Annexure III 1 and 2 of the CERC First Amendment to Sharing Regulations, 2023 is given below:</p> <p><i>"Provided further that if such an entity draws power from any source other than the sources eligible for waiver under Regulation 13 (2) of these regulations, except after obtaining additional GNA or T-GNA or converting GNA_{RE} into GNA by making an application to CTU, it shall be charged @TDR of the State in which such an entity is located."</i></p> <p>To capture the provision of Sharing regulation that within GNA_{RE} other than RE power can also be scheduled, the word 'only' has been replaced with 'principally'.</p>

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			<p>If GNA_{RE} can be converted to GNA, then GNA should also get converted to GNA_{RE}. Essentially in GNA or GNA_{RE} both RE and non RE power can be scheduled, hence, their transition should be interchangeable.</p> <p>Additionally, it needs to be clarified that GNA_{RE} for an eligible entity would be combined in case such an entity applies for and is granted additional quantum later on. Further such combination would be from the last date of operationalisation of GNA_{RE}. The suggested language in the new proviso attempts to address this.</p> <p>The last proviso attempts to align the GNA amendment regulation with CERC (Sharing of Inter-State Transmission Charges and Losses) (First Amendment) Regulations, 2023. The CERC Sharing amendment regulation 2023 provides at Annexure III waiver of ISTS charge to entities that have GNA or GNA_{RE}. The Sharing regulation does not clarify on how an</p>

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7.	<p>26.4 Entities covered under sub-clauses (i) and (ii) to clause (a) of Regulation 26.1 of these regulations shall be eligible to apply for T-GNA to draw power only from renewable sources as identified at clause (2) of the Regulation 13 of the Sharing Regulations. Such T-GNA shall be called as T-GNA_{RE} for purpose of calculation of transmission charges in accordance with the Sharing Regulations. For purpose of these regulations T-GNA_{RE} shall be same as GNA:</p>	<p>26.4 Entities covered under sub-clauses (i) and (ii) to clause (a) of Regulation 26.1 of these regulations shall be eligible to apply for T-GNA to draw power only principally from renewable sources as identified at clause (2) of the Regulation 13 of the Sharing Regulations. Such T-GNA shall be called as T-GNA_{RE} for purpose of calculation of transmission charges in accordance with the Sharing Regulations. For purpose of these regulations T-GNA_{RE} shall be same as GNA:</p>	<p>entity that has both GNA and GNA_{RE} will schedule RE and non-RE power within the GNA and GNA_{RE} corridors. To address the ambiguity the proviso has been inserted.</p> <p>To capture the provision of Sharing regulation that within T-GNA_{RE} other than RE power can also be scheduled, the word 'only' has been replaced with 'principally'.</p>
8.	<p>24.6 Revocation of Connectivity (1) (a) Connectivity shall be revoked for the corresponding capacity, if the Connectivity grantee fails to achieve COD either in full or in parts on or before, (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</p>	<p>24.6 Revocation of Connectivity (1) (a) Connectivity shall be revoked for the corresponding capacity, if the Connectivity grantee fails to achieve COD either in full or in parts on or before. (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</p>	<p>While the Commission has brought out the revocation of connectivity provisions clearly where REIA is involved, it is also important to unambiguously look at transition cases for RE projects supplying power to Bulk Consumers or intrastate drawee entities. The suggested proviso language addresses this and submits that for such cases the later of the date of LTA applied/granted or stage 2 connectivity granted shall be</p>

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	<p>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.</p> <p>(ii) six months after the scheduled date of commercial operation as intimated at time of making application for grant of Connectivity, for cases covered under clause (xi)(b) of the Regulation 5.8.</p>	<p>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.</p> <p>(ii) six months after the scheduled date of commercial operation as intimated at time of making application for grant of Connectivity, for cases covered under clause (xi)(b) of the Regulation 5.8.</p> <p>Provided that for transition cases of RE projects supplying power to Bulk Consumers under open access or a drawee entity connected to intrastate transmission system under open access, the scheduled date of commercial operation would be the date as indicated in the LTA application or grant of LTA letter or the start date of Stage-II Connectivity granted to generator, whichever is later.</p>	<p>treated as scheduled date of commercial operation.</p>
9.	<p>"26.4 Entities covered under sub-clauses (i) and (ii) to clause (a) of Regulation 26.1 of these regulations shall be eligible to apply for T-GNA to draw power only from renewable sources as identified at clause (2) of the Regulation 13 of the</p>	<p>"26.4 Entities covered under sub-clauses (i) , (ii), (iii) and (vi) to clause (a) of Regulation 26.1 of these regulations shall be eligible to apply for T-GNA to draw power principally from renewable sources as identified at clause (2) of the</p>	<p>While distribution licensees and bulk consumers are being adequately covered, this regulation leaves out buying entity connected to the Intra-State Transmission system and</p>

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	<p>Sharing Regulations. Such T-GNA shall be called as T-GNARE for purpose of calculation of transmission charges in accordance with the Sharing Regulations. For purpose of these regulations T-GNARE shall be same as GNA:...</p> <p>Provided that if such an entity with T-GNARE intends to draw power from the sources other than the sources identified at clause (2) of the Regulation 13 of the Sharing Regulations, it may:</p> <p>(a) apply for grant of additional T-GNA; or</p> <p>(b) it may convert T-GNARE into T-GNA by making an application to the Nodal Agency.</p>	<p>Regulation 13 of the Sharing Regulations. Such T-GNA shall be called as T-GNARE for purpose of calculation of transmission charges in accordance with the Sharing Regulations. For purpose of these regulations T-GNARE shall be same as GNA:</p> <p>Provided that if such an entity with T-GNARE intends to draw power from the sources other than the sources identified at clause (2) of the Regulation 13 of the Sharing Regulations, it may:</p> <p>(a) apply for grant of additional T-GNA; or</p> <p>(b) it may convert T-GNARE into T-GNA, or vice versa, by making an application to the Nodal Agency.</p> <p>(c) Pay TDR of the State in which such and entity is located</p> <p>Provided further that the entity granted T-GNA and T-GNARE shall intimate the RLDC at the time of scheduling RE power or non-RE power whether the same shall be within its T-GNA quantum or T-GNARE quantum.</p>	<p>Standalone ESS. As such entities are eligible to apply for T-GNA, they should also be eligible to apply for T-GNARE too.</p> <p>Further, as the CERC (Sharing of Inter-State Transmission Charges and Losses) (First Amendment) Regulations, 2023 have covered, GNA_{RE} would be treated separate to GNA, especially for purpose of calculation and levy of ISTS Charges. The customer having T-GNA_{RE} can also schedule power from sources other than those eligible for ISTS charge waver against which it shall be required to transmission charge equal to Transmission Deviation Rate of the State in which such an entity is located. The relevant extract of Annexure III 2 of the CERC First Amendment to Sharing Regulations, 2023 is given below:</p> <p><i>"Provided further that if such an entity draws power from any source other than the sources eligible for waiver</i></p>

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			<p><i>under Regulation 13 (2) of these regulations, except after obtaining additional GNA or T-GNA or converting T-GNARE into T-GNA by making an application to CTU, it shall be charged @TDR of the State in which such an entity is located."</i></p> <p>To capture the provision of Sharing regulation that within T-GNARE other than RE power can also be scheduled, the word 'only' has been replaced with 'principally'.</p> <p>If T-GNARE can be converted to T-GNA, then T-GNA should also get converted to T-GNARE. Essentially in T-GNA or T-GNARE both RE and non RE power can be scheduled, hence, they should be allowed interchangeability.</p> <p>The last proviso attempts to align the GNA amendment regulation with CERC (Sharing of Inter-State Transmission Charges and Losses) (First Amendment) Regulations, 2023. The CERC Sharing amendment</p>

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			<p>regulation 2023 provides at Annexure III waiver of ISTS charge to entities that have T-GNA or T-GNA_{RE}. The Sharing regulation is not clear on how an entity that has both T-GNA and T-GNA_{RE} will schedule RE and non-RE power within the T-GNA or T-GNA_{RE} corridors. To address the ambiguity the proviso has been inserted.</p>

