



From: Sprng Energy Private Limited
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Date: February 13, 2023

To,
Hon'ble Secretary,
Central Electricity Regulatory Commission,
3rd and 4th Floor, Chanderlok Building,
36, Janpath,
New Delhi - 110 001,
India.

Subject: Comments in respect of draft Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) (First Amendment) Regulations, 2023".

Respected Sir,

Sprng Energy Private Limited (SEPL), a renewable energy platform was set up in India with an initial aim to set up c.2.5GW (1.4% of 175 GW of the then target set up by Ministry of New and Renewable Energy, Government of India) of renewable energy capacity (solar and wind) by 2022. In August' 2022, Shell Overseas Investment B.V., a wholly owned subsidiary of Shell plc, acquired 100% stake in SEPL from Actis - a leading global investor in sustainable infrastructure.

Till date, we have a cumulative contracted capacity of 3000.48 MWp out of which solar forms 2502.98MWp and balance 497.5MW wind. Further, 1633.98MWp of solar and 497.5MW of wind stands operational.

We are pleased to note that the Hon'ble Commission has come up with proposed amendments to certain provisions and some additional clauses which would enable removal of the barriers.

Sprng Energy Pvt. Ltd.

(Formerly known as "Arinsun Energy Pvt.Ltd")



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We have provided herein under our comments/suggestions on the proposed amendments and have suggested some additions to the proposed amendment and related CTU Agreements which we feel would provide more impetus to attract investments in the sector.

Submitted for your kind consideration please.

Thanking you,

For and on behalf of Sprng Energy Private Limited



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Comments/Suggestions on Proposed Amendments

1. New Clause 4.2(a) – Addition of Clause (x) to Regulation 5.8 of Principal Regulations

(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:

Suggestion:

As the Ministry of Power is providing due consideration to open up the C&I route/private (Corporate) PPAs, we request Hon'ble Commission to include such Corporate PPAs as one of the options to be eligible for obtaining the CTU connectivity.

2. Clause 8 - First Proviso under New Regulation 9.3

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.

Suggestion:

Some of the Companies may prefer to achieve Financial Closure through their own "Internal Resources". We would like to request Hon'ble Commission to please include the option of achieving Financial Closure through "Internal Resources" as well.

3. Clause 8 - Second Proviso under New Regulation 9.3

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."

Suggestion:

There might be cases that the achievement of milestones like Financial Closure may get delayed due to reasons not attributable to the Connectivity Grantee such as Force Majeure. We request the Hon'ble Commission to make adequate provisions under these Regulations for such instances as well as direct CTU

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to make such provisions in related Agreements to be signed by and between the Connectivity Grantee and CTU.

The Competitive Bidding Guidelines issued by the MoP and the related Bidding Documents issued by Renewable Energy Implementing Agencies (REIAs) have adequate provisions for extensions in timelines to achieve Financial Closure with imposition of some penalties (LD) for six months. The Project Developers may start investing in the Project after getting Connectivity and if the Connectivity granted is revoked under proposed Regulation for non-fulfillment of the conditions set out, the investors may incur heavy losses. Providing some relaxations in Regulations and in the related Agreements with penalties (in line with Competitive Bidding Guidelines) may please be given due considerations.

4. Clause 19.1 - Clause (1)(a)(ii) under New Regulation 24.6 – Revocation of Connectivity

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,

(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.

Suggestion:

There might be cases that the achievement of milestones likes COD may get delayed due to reasons not attributable to the Connectivity Grantee such as Force Majeure. We request the Hon'ble Commission to make adequate provisions under these Regulations for such instances and also direct CTU to make such provisions in related Agreements to be signed by and between the Connectivity Grantee and CTU.

The Competitive Bidding Guidelines issued by the MoP and the related Bidding Documents issued by Renewable Energy Implementing Agencies (REIAs) have adequate provisions for extensions in timelines to achieve COD with or without imposition of some penalties (LD).

The proposed Regulations also have provisions for extension of COD timelines for Connectivity Grantees under Clause (xi)(a).

The Project Developers may start investing in the Project after grant of Connectivity and if the Connectivity granted is revoked under proposed Regulation for non-fulfillment of the conditions set out, the investors may incur heavy losses. Providing some relaxations in Regulations and in the related Agreements with or without penalties (in line with Competitive Bidding Guidelines) may please be given due considerations for Connectivity Grantees under Clause (xi)(b) of Regulation 5.8.



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5. Clause 19.1 - Clause (c) under New Regulation 24.6 – Revocation of Connectivity

Connectivity granted to an REGS (other than Hydro generating station) or ESS (excluding PSP) shall be revoked, if LOA or PPA on basis of which Connectivity was granted, is terminated prior to the COD of the project.

Suggestion:

In case of revocation of connectivity under aforesaid clause, the draft Regulations propose under Clause (2) of new Regulation 24.6 that the Conn-BG-1, Conn-BG2 and Conn-BG3 shall be dealt with in terms of regulation 24.2 or regulation 24.3 of these regulations, as applicable.

We suggest that if the Connectivity granted to an REGS (other than Hydro generating station) or ESS (excluding PSP) is revoked on the basis of termination of the LOA and/or PPA prior to the COD of the project for reasons NOT attributable to the Connectivity Grantee, there should be a provision under the Regulations and/or the related CTU Agreement to return the BGs to the Grantee.



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