



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

Public Hearing : 13th March' 23

Amendment to Regulation 5.8 of the Principal Regulations

[Ref 5.8 (vii) b & 5.8 (xi) b (i)]

□ 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”

CleanMax Comments on proposed amendment:

- The Principal Regulation has no such clause and CleanMax believe that it would not be a legitimate requirement for the fact that it will lead to loss to various serious developers.

Illustrations:

- Substation has Capacity Margin of 1000 MW
- Generator, A, B, C, D, E is interested and have applied for connectivity for 1000 MW each at the same month/time
- Since, only 1 Applicant can get permission which means the efforts and cost of other developers/applicant will be a total loss. The impact is listed below:

List/Applicant Name	A	B	C	D	E	Total	Loss in the process
(Connectivity applied for (in MW)	1000	1000	1000	1000	1000	5000	-
Land Required for application @50% of Capacity for which connectivity applied (in Acres)	1500	1500	1500	1500	1500	7500	6000
Cost of Land under lease(in CRs)	17.25	17.25	17.25	17.25	17.25	86.25	69
Cost of land under purchase (in CRs)	150	150	150	150	150	750	600

Amendment to Regulation 5.8 of the Principal Regulations

[Ref 5.8 (vii) b & 5.8 (xi) b (i)] Contd..



CleanMax Suggestions on the requirement of 50% of the land registered lease deeds/sale deeds

- 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 once the connectivity is awarded in 6th to 9th months the developer may be asked to arrange minimum 50% of the land under registered lease deeds / sale deeds. (Reference MOP recommendation)
- Another Criteria to ascertain the seriousness of developers applying for connectivity, we suggest a 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, mentioned below (Reference SECI Bid RFS)
 - 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.
 - 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.

□ **In clause 4 amendment to regulations 5.8 of the Principal Regulations the draft regulations proposed that:**

“(c) Auditor’s certificate, certifying the release of at least 10% of the project cost including the land acquisition cost through equity.”

CleanMax Comments and proposal on proposed amendment

- The Principal Regulation has no such clause, it is submitted to remove this requirement as we believe that this condition would be difficult to meet at such an early stage and would be a big barrier to the many serious developers.
- In this matter, we agree with the suggestion of MOP and request Hon’ble commission to incorporate the requirement of Financial closure or investment of 10% of the project cost after the grant of Connectivity (within 6 month or 9 months from the grant of connectivity). The relevant extract is produced below:
- *“(b) 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.”* (Reference: Explanatory Memorandum of GNA 1st Amendment)

❑ In Regulation 9.3 of Amendment regulation

Provides for condition related to achievement of Financial Closure

CleanMax Comments and suggestion on proposed amendment

- In this matter it is suggested to Incorporate the following:
 - Financial closure requirement for **Parks** as well as **Projects** to be adequately defined.
 - Other payment options like commitment of funds from internal sources shall also be added while assessing the requirement for project cost apart from loan sanction / disbursal of loan, in line with the guidelines of MNRE for Park and Project.
 - To remove ambiguity the maximum and the minimum project cost 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.

- For the park other options of the financial closure / comfort may also be added like:
 - *Fore “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 SPPD from internal resources of its own or of the promoters/ Joint Ventures 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/right to use of land may come from 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. (Reference: Park and Project guidelines of MNRE)*

THANK YOU



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