

Public hearing on Draft CERC (Connectivity and GNA to the inter-State Transmission System) (1st Amendment) Regulations, 2023.

13th March 2023



Suggested changes in Draft CERC 1st Amendment GNA Regulation

SN.	Clause	Suggested Changes in Draft Regulation	Pointers/ Comments
1	5.8 (xi)	<p>Application for Grant of Connectivity “(xi) Letter of Award (LOA) by, or Power Purchase Agreement (PPA) entered into with, a Renewable Energy Implementing Agency or a distribution licensee ... Following to be added after clause 5.8 (xi) a, bProvided, that Start date of connectivity for Projects covered under 5.8 (xi) (a) shall not be earlier than corresponding date of SCOD in terms of PPA or LOA 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. Or (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; Provided if the connectivity sought is more than or equal to 300MW, applicants may submit Registered Title Deed as a proof of Ownership or a “Conn BG-Land” corresponding to land which is equivalent to Rs.5Lakh/MW. Such “Conn BG-Land” shall be encashed if applicant within 8 months of grant of connectivity is unable to submit land documents for 50% of land.</p>	<ul style="list-style-type: none"> ➤ Start Dt. of Connectivity for projects needs to be in consonance with SCOD. ➤ Significant land requirement for Large scale Projects including Green Hydrogen Projects. ➤ Intended substation may not have capacity if developer wait for applying for connectivity till at least 50% of land is arranged ➤ An additional BG- Land (Rs 5 lakh/MW) may be allowed which may be uncashed to ensure seriousness.

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	5.8 (xi)	<p>and <i>(ii) 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.</i>"</p> <p><i>Provided connectivity grantee covered under Clause 5.8 (xi)(b), subsequently submits LOA or PPA with Renewable Energy Implementing Agency or distribution licensee, consequent upon tariff based competitive bidding before start date of connectivity, it shall be deemed to be a grantee under Clause 5.8 (xi) (a).</i></p>	<ul style="list-style-type: none"> ➤ Option of financial closure must be allowed. ➤ Developer's must be allowed to either share documents for “Financial Closure + 50% Land” or “10% equity + 50% Land” ➤ 2009 Reg. provided for conversion of connectivity from Land + Equity/FC to PPA/LOA route. ➤ Similar provision may be allowed under the GNA Regulations. ➤ In such case, connectivity start dt. to be in consonance with PPA start dt.

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2	9.3	<p>Final Grant of Connectivity by the Nodal Agency</p> <p>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, before 9 months prior to Start date of connectivity (a) within a period of 12 months from the date of issuance of final grant of connectivity, if the start date of Connectivity is within 2 years from date of issuance of final grant of connectivity or (b) a period equivalent to 50% time period between issue of final grant of Connectivity and start date of Connectivity, if the start date of Connectivity is more than 2 years from date of issuance of final grant of connectivity:</p>	<ul style="list-style-type: none">➤ Requisite security mechanism/ safeguards are already in Place:<ul style="list-style-type: none">> BG's> Land + Equity> LOA/PPA.➤ Developers should be free to plan the financial closure.➤ 50% of time between grant date and start date could be too early for such financial closure.➤ A Cut off date on or before 9 months prior to start date of connectivity may be specified.

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3	15.1	<p>A new proviso added after the first proviso to the Regulation 15.1 of the Principal Regulations as under: “Provided further that where a bulk consumer has been granted GNA under Regulation 17.1(iii) seeking to connect to ISTS directly, GNA granted to such Bulk consumer may be utilized in part or full by its subsidiaries <i>as well as by GNA granted to a subsidiary may be utilized by its parent company or other subsidiary of the parent company</i></p>	<ul style="list-style-type: none">➤ Regulation 15.1 provides connectivity granted to a parent company may be utilized by its subsidiary companies and vice-a-versa.➤ GNA granted to a subsidiary may be utilized by its parent company or other subsidiary of the parent company.➤ This will provide them the flexibility of using the GNA➤ Open Access market development will also get thrust

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4	20.4 & 26.4	<p>20.4 Entities covered under clause <i>(i), (ii) &</i> (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</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 from renewable sources as identified at clause (2) of the Regulation 13 of the Sharing Regulations.</p>	<ul style="list-style-type: none">➤ Here only the entities covered under Regulation 17.1 (iii).➤ It is not clear, why such distinction has been made.➤ Treatment for ISTS waiver for drawing RE power should be kept uniform for all the drawee entities. (Inter of Intra)➤ All drawee entities covered under Regulation 26.1 should be eligible to apply for TGNARE.

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5	24.6 (1)	<p>“24.6 Revocation of Connectivity (1) <i>In case Connectivity grantee is unable to pay transmission charges as per Regulation 13 of the Sharing Regulations and Regulation 16.3 of GNA Regulations:</i></p> <p>.... (ii) <i>one year</i> six months after the scheduled date of commercial operation <i>for connectivity up to 250MW and two years for connectivity more than 250MW</i> 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><i>Provided, if the Commission is satisfied that the delay happened due to uncontrollable reasons, it can provide relaxation in revocation of connectivity as deem fit.</i></p> <p>.....c) 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. <i>Provided connectivity grantee is unable to share the required documents as per Regulation 5.8 (xi) (b) to be able to qualify for connectivity on basis of land and financial closure/release of 10% equity.</i></p>	<ul style="list-style-type: none"> ➤ Time till developer is paying the YTC charges & BGs are in place; revocation of connectivity should not happen. ➤ In case of PPA termination option to developer to convert its project, ➤ Projects granted connectivity under PPA/LOA route to Land + Equity route ➤ Appropriate relaxations in revocation for delayed Projects Land+Equity/Financial closure (due to uncontrollable reasons) would convert it into an NPA.

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5	24.6 (1)	<p>...</p> <p>(d) Connectivity granted to a Renewable Power Park developer shall be revoked for the corresponding capacity, if the generating station(s) within the Power park fails to achieve COD on or before,</p> <p>...</p> <p>(ii) one year six months after the scheduled date of commercial operation for connectivity up to 250MW and two years for connectivity more than 250MW for generating station(s) being set up without LOA or PPA.</p> <p><i>Provided, if the Commission is satisfied that the delay happened due to uncontrollable reasons, it can provide relaxation in revocation of connectivity as deem fit.</i></p>	<ul style="list-style-type: none">➤ Large Size Plants with capacity >250MW may be provided 2 year.➤ Projects up to 250MW may be provided 1 year before revoking the connectivity.

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6	24.6 (2)	<p>(2) In case of revocation of Connectivity under subclauses (a) to (d) of Clause (1) of this regulation, 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.</p> <p><i>Provided in case of revocation of Connectivity under subclauses (c) of Clause (1) of this regulation, the encashed amount shall be reimbursed by Renewable Energy Implementing Agency or a distribution licensee or an authorized agency on behalf of distribution licensee to the connectivity grantee as the case may be.</i></p>	<ul style="list-style-type: none">➤ Termination of LOA/PPA is common and is usually initiated by REIA/Discom.➤ If the connectivity is revoked, the cost of it should be borne by REIA/Discom.➤ Model PPA documents issued by ministry, and developers are not allowed to transfer such commercial risk onto the REIA/Discom.➤ non-bankability of the project, developer may not be able to convert its project

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7	37.3 (2) (d) & 37.3 (3) (d)	<p>37.3 (2) (d) ... Provided that for an entity covered under subclauses (i),(ii) and (v) of Regulation 17.1 of these Regulations, Conn-BG1 and Conn-BG3 shall be returned within one month of date of effectiveness of GNA and for an entity covered under Regulation 17.1(iii)), Conn-BG1 and Conn-BG3 shall be treated in terms of Regulations 16.5 of these regulations.</p> <p><i>Also, the entities covered under Regulation 4.1. which have achieved COD and are in operation, Conn-BG1 and Conn-BG3 shall be returned within one month of start date of connectivity under GNA Regulations.</i></p> <p>37.3 (2) (d) ...</p> <p><i>...Also, the entities covered under Regulation 4.1. which have achieved COD and are in operation, Conn-BG1, Conn-BG2 and Conn-BG3 shall be returned within one month of start date of connectivity under GNA Regulations</i></p>	<ul style="list-style-type: none"> ➤ BGs submitted by already commissioned generators should also be returned with one month of start date of connectivity. ➤ Blocking the BG amount for a period of up to 5 years seems unreasonable and should be exempted or returned within 1 month of start date of connectivity.

Thank You