

CERC's Draft 1st Amendment to GNA Regulations

Inputs and Submissions from Serentica Renewables

13-Mar-2023

Equitable treatment in requirements for seeking Connectivity

Draft Language	Proposed Change	Rationale
<p>5. Application for Grant of Connectivity</p> <p>5.8</p> <p>(xi) In case of Applicants which are REGS (other than Hydro generating station) or ESS (excluding 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>5. Application for Grant of Connectivity</p> <p>5.8</p> <p>(xi) In case of Applicants which are REGS (other than Hydro generating station) or ESS (excluding 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 or power off-take agreement entered by a private sector Commercial & Industrial category customer under Open Access, as the case may be:</p>	<p>With the enabling framework put into place by Govt. of India and CERC, Commercial & Industrial (C&I) category consumers are off-taking green energy at a grand scale. The C&I potential market in India is estimated at 70 GW which would largely be connected to ISTS network that requires equitable recognition of contracts for connectivity.</p> <p>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 – no inherent discrimination between SECI and C&I power purchase or delivery contracts, as both contracts are legally binding on the parties.</p>

Equitable treatment in requirements for seeking Connectivity... Contd.

Draft Language	Proposed Change	Rationale
<p>5. Application for Grant of Connectivity 5.8</p>	<p>5. Application for Grant of Connectivity 5.8</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>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 the BG amount given to CTUIL for long term open access on target region basis.</p>

Maintaining Financial Closure requirements for Connectivity same as extant regime

Draft Language	Proposed Change	Rationale
<p>5.8 (vii) (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 (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) (b) Registered Title Deed as a proof of Ownership or lease rights or land use rights for 50% of the land required ...; and (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 ... 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 substation in the first place itself, putting thereby the initial investment at risk.</p>
<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 ...; 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 ... through equity."</p>	<p>Hence, it is requested to incorporate the clause as per the existing 2009 Connectivity Regulations.</p>

Clarification in provisions on Transfer of Connectivity

Draft Language	Proposed Change	Rationale
<p>15. Transfer of Connectivity 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 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 subsidiary companies can utilise the connectivity of parent and vice versa, the transfer of connectivity of parent to subsidiary is not provided for.</p> <p>Transfer is provided on acquiring 51% or more shareholding. As the parent company holds shares in the subsidiary and not vice versa, the subsidiary therefore cannot take benefit of transfer of connectivity.</p> <p>Modification of proviso under regulation 15.1 should be considered that specifically allows transfer of connectivity of parent to subsidiary after COD of connectivity capacity in part or full.</p>

Clarification regarding clubbing together of GNA_{RE} quantum

Draft Language	Proposed Change	Rationale
<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. ... :</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. ... :</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 of GNA_{RE} (“C” MW = “A+B” MW).</p> <p>Provided further that the entity granted GNA and GNARE 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 GNARE quantum.</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. As such entities are eligible to apply for GNA, they should be eligible to apply for GNA_{RE} too.</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. The suggested language in the new proviso attempts to address that clarification.</p> <p>Also, there is no clarity on how an entity that has both GNA and GNA_{RE} will schedule RE and non-RE power within the GNA and GNA_{RE} corridors. Last proviso addresses that.</p>

Treatment of transition cases for revocation of connectivity

Draft Language	Proposed Change	Rationale
<p>24.6 Revocation of Connectivity</p> <p>(1)</p> <p>(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,</p> <p>(ii) six months after the scheduled date of commercial operation</p>	<p>24.6 Revocation of Connectivity</p> <p>(1)</p> <p>(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,</p> <p>(ii) six months after the scheduled date of commercial operation</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>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 treated as scheduled date of commercial operation.</p>

Thank You

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