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Sent: Mon, 11 Nov 2024 15:13:31 +0530 (IST)

Subject: CESC Comments on Staff Paper on GNA Regulations

Sir,

Kindly find enclosed our comments from CESC towards Staff Paper on GNA Regulations.

Regards,

Balaji Sivan

Head - Regulatory

CESC comments on Staff Paper Staff Paper on Stakeholder’s suggestions for necessary modifications in the GNA Regulations (“Staff Paper”)

Central Electricity Regulatory Commission (“**CERC**”) has issued a Staff Paper on CERC (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2022 (“**GNA Regulations**”) and has sought comments of all the stakeholders.

Inputs received from various stakeholders with respect to the Staff Paper will be considered under the amendments to the GNA Regulations.

Specific Comments on the Draft OA Regulation First Amendment 2024

S.No.	Issues raised in the Staff Paper	Proposed CESC Comments/ Discussion points
1	<p>Substitution of GNA quantum under Regulation 17.1(i) to Regulation 17.1(iii) to the GNA Regulation</p> <p>i. Whether such substitution of GNA quantum under Regulation 17.1(i) to GNA/under Regulation 17.1(iii) should be allowed?</p> <p>ii. If such substitution is allowed, should it be coupled with the following conditions:</p> <p>a. the entity shall submit the NOC from the STU.</p> <p>b. the entity shall be liable for payment of the charges of the intra-State network or relinquishment charges, as applicable.</p> <p>c. the entity shall be radially connected with the ISTS as 17.1(iii) entity</p>	<p>a) It is submitted that such substitution is beneficial as it may lead to reduction in transmission charges for a distribution licensee or a bulk consumer (entities covered under 17.1 (iii)).</p> <p>b) It is further submitted that NOC from STU and radial connection with the ISTS are necessary conditions to effect such substitution of GNA. Therefore, only such entity covered under 17.1(iii) should be allowed substitution of GNA who are radially connected to ISTS</p> <p>c) Regarding relinquishment charges we humbly submit the following:</p> <ul style="list-style-type: none"> • In terms of Regulation 17.1, one-year prior notice is required for relinquishment of GNA by entities covered under 17.1 (i) – such notice period may be reduced so that benefits of substitution may be realized from and early date. • Further, since the GNA is not really being relinquished but only being substituted, the relinquishment charges as specified in Regulation 17.1 may be waived off. • It is further submitted that state specific relinquishment charges for intra-state network should only be applicable if long-term open access on intra-state network is being relinquished.

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2	<p>Use of GNA of a Connectivity grantee by an entity connected with an intra-State network that is not a GNA grantee</p> <p>i. Whether such utilisation of GNA of a GNA grantee can be allowed by an entity that is not a GNA grantee?</p> <p>ii. If such use is allowed, should it be coupled with the following conditions:</p> <p style="padding-left: 40px;">a. Such request to be made along with the NOC from the STU towards availability of space in the intra-State network for such quantum of GNA and period</p> <p style="padding-left: 40px;">b. Such request for utilisation of GNA shall be from an entity located in the same State or same region as that of the GNA grantee. The additional conditionalities that need to be imposed for considering the GNA utilisation beyond the state.</p> <p style="padding-left: 40px;">c. Such request should only be allowed based on the margin available in ISTS, and no augmentation in the ISTS is to be made to facilitate such use of GNA.</p> <p style="padding-left: 40px;">d. Such utilisation shall be restricted to GNA only and not GNA_{RE}.</p> <p>iii. Issue of Waiver of transmission charges: If entity 'B' draws power from RE resources, should the GNA grantee 'A' be allowed waiver in respect of such RE power drawl.</p>	<p>a) The changes proposed here may have wider ramifications since it involves utilization of GNA by a non-GNA grantee which may be located in other state in the same region. Since the proposal involves more than one SLDC, many unforeseen issues may arise, if such proposal is implemented. Therefore, it is humbly submitted that such proposal may be implemented on a limited basis as a pilot project for a year. Based on insights gained from such pilot project, including one related with transmission charges waiver for RE drawal, relevant amendment in the GNA Regulations may be proposed.</p> <p>b) It is submitted that NOC for such substitution of GNA may also be sought from the concerned Distribution Licensee(s) where the existing GNA grantee and the new GNA grantee are located.</p>

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3	<p>Dual Connectivity to the Bulk Consumer for the same load capacity.</p> <p>i. Whether such grant of GNA to Bulk Consumer through dual connectivity, i.e., for the same load capacity should be allowed or not?</p> <p>ii. If such a grant of GNA to Bulk Consumer through dual connectivity is allowed, can it be coupled with the following conditions:</p> <p>a. NOC of the STU based on the commitment of bulk consumers to pay the applicable charges of the intra-State network if the applicant is already connected with the intra-State network and seeking GNA through direct connectivity with ISTS?</p> <p>b. Commitment of bulk consumer to pay the applicable charges of ISTS if the applicant is already connected with the ISTS and seeking connectivity to the intra-State network.</p> <p>c. Should only those Bulk Consumers be granted GNA_{RE} from ISTS, which is drawing only RE power through the intra-State network also. Further, after the granting of GNA_{RE}, if the user starts drawing non-RE power through the intra-State network, its GNA_{RE} may be converted into GNA with a waiver of the ISTS charges as applicable for GNA in terms of the Sharing Regulations, 2020.</p>	<p>a) It is humbly submitted that dual connectivity to ISTS and InSTS for the same capacity for entities covered under Regulation 17.1 (iii) may not be allowed due to following reasons:</p> <ul style="list-style-type: none"> • Such provision has the potential of entities indulging in gaming of the system, as entities may enjoy full transmission charge waiver if they have obtained GNA_{RE} from ISTS and they are drawing of non-RE power from InSTS system. • Allowing dual connectivity will lead to creation of excess transmission capacity and under-utilization of network entailing higher transmission charges which will be detrimental to the larger consumer interest. • Dispute/ Arbitration may also happen over who should bear the cost of excess intra-state transmission capacity built to enable such dual connectivity.
4	<p>Provision of Conn BG-2 for Bulk Consumer (Entity covered under Regulation 17.1 (iii))</p> <p>i. Whether the implementation of the system for providing connection to the ISTS for the grant of such GNA to the entity covered under Regulation 17.1(iii) should be implemented as ISTS under</p>	<p>a) It is submitted that the Associated Transmission System (ATS) needed at the ISTS end to enable connectivity to entities covered under Regulation 17.1 (iii) should be build and maintained by the CTU and Conn-BG2 may be sought from the entity seeking connectivity.</p> <p>b) Further, the charges against such ATS should be billed bilaterally as the ATS is not part of the common transmission system and is built specifically for the concerned entity.</p>

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	<p>TBCB/RTM, for which the concerned entity shall submit Conn-BG2?</p> <p>ii. Whether post construction under ISTS, transmission charges for such ATS or dedicated elements like ICT, etc, should be bilaterally billed to such Bulk Consumer or should be considered under the transmission charges pool?</p> <p>iii. Should charges of such system for providing connection to the ISTS, to be constructed under ISTS, be paid by the entities under GNA/GNA_{RE} where more than 50% of the transmission charges are waived off ?</p>	
5	<p>Utilisation of the Connectivity granted to a subsidiary by another subsidiary of the same Parent company:</p> <p>At present, there is no provision under the GNA Regulations that provides the utilisation of Connectivity among the subsidiaries of the same Parent company. The transfer of connectivity is possible after COD to the owner of REGS, which can be a subsidiary of the same parent or any third party. Whether such utilisation of Connectivity among the different subsidiaries of the same Parent company should be allowed or not?</p>	<p>a) It is submitted that transfer of connectivity among the subsidiaries as it logically follows from the current provisions where transfer of connectivity from a parent company to subsidiary company and vice versa is allowed.</p> <p>b) It is submitted that since the entities involved here are subsidiaries of the same parent company, aspect of trading / monetization of connectivity is not relevant.</p> <p>c) It is submitted that such transfer should be allowed without substitution of Conn BGs to reduce administrative overhead.</p>
6	<p>Platform for providing NOC by the STU in a time-bound and a transparent manner:</p> <p>Comments and suggestions are sought from stakeholders, whether such a centralized online platform is required to be implemented for processing the application for grant of NOC by the STU in terms of availability of transmission capacity in the intra-State network?</p>	<p>a) Such centralized portal to keep a track of processing of application by STUs may not be implemented.</p> <p>b) It is submitted that establishment of a centralized portal maintained by CTU for grant of intra-state connectivity is against the spirit of Electricity Act, 2003 which clearly demarcates responsibilities of Centre and States.</p> <p>c) Responsibility of timely processing of applications for intra-state network connectivity should be left entirely to concerned SERCs and other state agencies.</p> <p>d) Allowing SERCs/State Agency to come under the purview of a central agency like CTU may be challenged by the states and such provision is likely to be struck down in a court of law.</p>

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7	<p>Provision for grant of Solar hours Connectivity and Non-Solar hours Connectivity through the same Transmission system:</p>	<p>a) It is submitted that declaration of Solar hours by Grid India should be region/state specific to capture the varying solar intensity across the country.</p> <p>b) Since the new grantee can also schedule power in solar hours if the transmission capacity is available, it is submitted that a scheduling procedure needs to be drafted and consulted with all the stakeholders.</p> <p>c) Such shared usage of connectivity should be allowed for a limited period so that at the end of such period the original grantee may have the option to utilize transmission network during non-solar hours with ESS or other generation re-source. The original GNA grantee should have first right of refusal over usage of transmission network during non-solar hours upon expiry of aforesaid period.</p>
8	<p>Provision for Minimum Transmission Capacity Utilisation for Hybrid ISTS Connectivity:</p> <p>It is proposed that to ensure the optimal utilization of the transmission system, a minimum annual capacity utilization, i.e., 50%, for RHGS may be mandated, failing which the underutilized capacity of the Connectivity may be reduced, effective 1st October 2026. Alternatively, the quantum of Connectivity equal to the average of maximum injection in any time block of a day over the year (first year after the declaration of COD) may be allowed to be retained by the Connectivity grantee, and the balance quantum of the part of the Connectivity may be revoked (with corresponding Conn-BGs to be returned). Connectivity on such vacated capacity may be granted to other entities.</p>	<p>a) It may be clarified how such proposal will work in case the RHGS is not co-located.</p>