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Sent: Wednesday, December 4, 2024 7:05:34 PM
Subject: Sembcorp's Comments on Staff Paper on modifications in the GNA Regulations

SC-Restricted

Dear Sir/Madam,

In reference to the Public Notice No. No. L-1/261/2021/CERC, issued to invite comments on Staff Paper on modifications in the GNA Regulations, please find attached comments/suggestions on behalf of Sembcorp.

We request you to please condone delay in our submission.

Regards,
Raman Gulati

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2nd Dec, 2024

Sembcorp's Comments/suggestions on necessary modifications in GNA Regulations

Sr no.	Original Regulations	Rational/ Remarks
1	2.6 Considering the above, Comments and suggestions are sought from stakeholders on the following issues: i. Whether such substitution of GNA quantum under Regulation 17.1(i) to GNA/under Regulation 17.1(iii) should be allowed? ii. If such substitution is allowed, should it be coupled with the following conditions: a. the entity shall submit the NOC from the STU. b. the entity shall be liable for payment of the charges of the intra-State network or relinquishment charges, as applicable. c. the entity shall be radially connected with the ISTS as 17.1(iii) entity	It's important to note that if an entity currently connected to the State Transmission Utility (STU) network under categories 17.1(i) or 17.2(ii) switches to direct connection to the Inter-State Transmission System (ISTS) network under category 17.1(iii), there will be no impact on the ISTS grid. This is because the net demand of the state will remain unchanged, regardless of whether the substituted entity is radially connected or not. Consequently, the total demand or load on the ISTS network will stay the same, eliminating the need for any additional augmentation to the ISTS network. Even in rare cases where ISTS augmentation is required due to the substitution of GNAs from categories 17.1(i) and (ii) to 17.1(iii), the augmentation needed will be minimal. Considering the above, it is advisable to allow GNA grantees with the option to switch their GNAs to direct connection to the ISTS network under category 17.1(iii). The quantum of GNA under the STU network can be reduced accordingly.
2	3.4 Considering the above, Comments and suggestions are sought from stakeholders on the following issues: i. Whether such utilisation of GNA of a GNA grantee can be allowed by an entity that is not a GNA grantee? ii. If such use is allowed, should it be coupled with the following conditions:	Currently, GNA Regulations allow GNA grantees to share their GNA with other GNA grantees through mutual agreement. However, utilisation of GNA by entities that are not GNA grantees is not allowed. Allowing non-GNA grantee entities to utilize GNA would significantly enhance flexibility for use of ISTS network by and promote open access for industries, including GH2 projects. Inter-utilization between two GNA grantees is quite similar to utilisation of GNA by a non-GNA grantee, as both scenarios would involve meeting the eligibility criteria outlined in Regulation 17.1.

Sr no.	Original Regulations	Rational/ Remarks
	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 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. 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. d. Such utilisation shall be restricted to GNA only and not GNARE. 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.	Furthermore, as inter-utilization between GNA grantees isn't restricted by state or regional boundaries, a similar approach should be adopted for non-GNA grantee entities. Regarding ISTS waivers, it's important to note that such waiver is mainly dependent on the COD of the RE project and is provided to the entity which uses/schedules such power. The ISTS waiver granted to the drawing entity is based on the scheduled quantum of power from the RE source. If the source of RE power is eligible for waiver under existing Sharing Regulations, it should be permissible for non-GNA grantee entities to utilize GNA. This approach would only optimize grid utilization. To ensure compliance and payment security, the original GNA grantee may remain responsible for paying the applicable transmission charges.
3	4.5 Considering the above, Comments and suggestions are sought from stakeholders on the following issues: i. Whether such grant of GNA to Bulk Consumer through dual connectivity, i.e., for the same load capacity should be allowed or not? ii. If such a grant of GNA to Bulk Consumer through dual connectivity is allowed, can it be coupled with the following conditions:	We support the grant of dual connectivity to the bulk consumers. It is an essential requirement especially for the consumers where green power is required on RTC basis. Providing dual connectivity will allow such consumers to procure Green Power from Discoms (under Green Tariff mechanism) or State connected projects when RE power is not available on the non-solar hours or non-windy season. In most States, there is no waiver on transmission charges for STU and on the other hand Green Tariff at which such bulk consumers may procure power is already inclusive of the transmission charges which is on landed basis (as ARR and therefore retail tariff is inclusive of ISTS charges). Thus, there will not be any issue of stranded capacity.

Sr no.	Original Regulations	Rational/ Remarks
	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? 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. c. Should only those Bulk Consumers be granted GNARE from ISTS, which is drawing only RE power through the intra-State network also. Further, after the granting of GNARE, if the user starts drawing non-RE power through the intra-State network, its GNARE may be converted into GNA with a waiver of the ISTS charges as applicable for GNA in terms of the Sharing Regulations, 2020.	Regarding ISTS waiver, the entities which taken GNA_{RE} are already restricted to procure only the RE power, the same condition may be imposed while allowing the dual connectivity to the STU grid. Also, the waiver will anyhow be applicable only the quantum procured from ISTS grid and also from generating plants which are eligible for ISTS charges waiver .
4	6.3 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. 6.4 Whether such utilisation of Connectivity among the different subsidiaries of the same Parent company should be allowed or not?	We understand that the primary objective of limiting utilisation of ISTS connectivity only between subsidiary and the parent company is to ensure that the entity utilizing the connectivity does not misuse the connectivity granted. This restriction is intended to prevent the acquisition of connectivity with the intent to hold it without utilizing it or selling it before the project's COD. It's important to note that GNA Regulations already include conditions that must be met after connectivity is granted, such as: • Financial closure within 6 months before the connectivity start date. • Submission of 50% land acquisition within 18 or 12 months of in-principle or final connectivity grant (in case of Land-BG) • Achieve COD before the connectivity start date, with potential ISTS charges for delays.

Sr no.	Original Regulations	Rational/ Remarks
		Failure to comply with these conditions can result in connectivity revocation and encashment of BGs. Additionally, the transfer of connectivity is only permitted after project COD. Therefore, even if sister companies (affiliates or subsidiaries of the same parent company) are allowed to use ISTS connectivity, they will not be able to sell it and would be required to develop the project within the SCOD/Start date of connectivity. Given the existing stringent restrictions on connectivity grantees, allowing affiliate companies to utilize connectivity would not enable them to misuse it for holding or selling purposes. The utilisation of ISTS connectivity by the sister companies may be allowed.
5	i) Should existing solar generators (without storage) also be given the option to install storage for utilization of connectivity/GNA during non-solar hours by submitting an application to CTUIL within three months and installing within a period of 24 months, failing which connectivity/GNA during non-solar hours shall be utilised to grant another connectivity through the same transmission system as 'non-solar hour connectivity' to another applicant, based on the other RE resources or Storage plant, for injection of power during non-solar hours?.	The concept of non-solar hours connectivity is interesting and could offer a solution to enhance grid utilization and reduce variability. However, while this approach holds potential benefits, it's crucial to implement it cautiously, considering the interests of existing connectivity grantees who have borne the initial risks of project development. New entities on the same location would face significantly fewer challenges, such as ISTS infrastructure delays, development of dedicated infrastructure, manpower needs, and adequate data availability. To ensure a fair transition, existing grantees should be given a reasonable time to exercise the option of first right of refusal. However, the proposed 3-month timeline is too restrictive. It may be noted that, before exercising such option, developers are required to secure PPA for non-solar hour.

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		Given the current surplus of existing un-tied bids and the higher tariffs associated with non-solar hour PPAs, it's unrealistic to expect all existing grantees to exercise the option within a 3-months timeframe. A more practical approach would involve a staggered, substation-wise implementation of non-solar connectivity. Additionally, inviting substation-wise bids with a modest incentive of 10 paisa/unit for existing developers could encourage their participation in non-solar hour projects. Finally, extending the timeline for exercising the option for non-solar hour connectivity should be kept at least 1 year, with a subsequent 3-year development timeline. This will be more realistic framework for project implementation.
6	8.6 An applicant should take Connectivity for a quantum that it wishes to utilise. 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.	It is suggested the 50% minimum CUF requirement for hybrid projects should only apply to future connectivity requests. It shouldn't be retroactively applied to existing projects. Additionally, adjusting connectivity quantum based on a single year's performance is unfair, as it is dependent on RE source availability which may be lower in initial few years and could increase in the subsequent years. Also, the developers are already mandated to achieve minimum CUF levels under PPAs therefore such criteria already covered thereunder and should not reevaluated again under the Connectivity. Also, in case of consistently lower CUF for multiple years, the developers should first be given option to re-power their projects before any reduction.