



AEVIPL/CERC/038/2023-24

Date: 04.03.2024

To
The Hon'ble Secretary,
Central Electricity Regulatory Commission,
Chanderlok Building, 3rd & 4th Floors,
West Wing, 36, Janpath,
New Delhi -110 001
India

Sub: Suggestions/Comments on Draft Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) (Second Amendment) Regulations, 2024

Dear Sir,

Please find enclosed our comments/ suggestions/ objections on Draft Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) (Second Amendment) Regulations, 2024.

We extend our sincere gratitude to the Central Electricity Regulatory Commission (CERC) for their dedicated efforts in formulating regulations and policies conducive to the advancement of the renewable energy projects and giving us an opportunity to bring in our comments on the above referred regulations.

We request you to kindly consider the comments/suggestions being offered for making the regulation in a way helping the industry to scale-up the renewable energy projects across the Country.

Thank you for your kind understanding and support.

With Sincere Regards,
For Axis Energy Ventures India Private Limited

Authorised Signatory



Encl: Comments/Suggestions on Draft Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) (Second Amendment) Regulations, 2024

S. No	Existing Clause as per 2nd Amendment - Draft	Proposed Clause	Rationale
1	<p>3. Amendment to Regulation 3.5 of the Principal Regulations After scrutiny, the Nodal Agency shall intimate the deficiencies, if any, in the application for grant of Connectivity or grant of GNA, to the Applicant within Eighteen (18) days of the receipt of application, in order of date and time of receipt of application. The Applicant shall rectify the deficiency within one week thereafter, failing which the application shall be closed and 20% of the application fee shall be forfeited. Balance 80% of the application fee shall be refunded by the Nodal Agency to the Applicant within 15 days of closure of the application.</p>	<p>3. Amendment to Regulation 3.5 of the Principal Regulations After scrutiny, the Nodal Agency shall intimate the deficiencies, if any, in the application for grant of Connectivity or grant of GNA, to the Applicant within Eighteen (18) days of the receipt of application, in order of date and time of receipt of application. The Applicant shall rectify the deficiency within Eighteen (18) days thereafter, failing which the application shall be closed and 20% of the application fee shall be forfeited. Balance 80% of the application fee shall be refunded by the Nodal Agency to the Applicant within 15 days of closure of the application.</p>	<p>As per the Draft Second Amendment proposed, the time period for intimation by the Nodal Agency of any deficiencies in the application is extended to 18 days.</p> <p>In response to the deficiencies identified by the Nodal Agency, developers may also be required to obtain data/records from various government agencies, adhering to specific procedures established by the respective departments. This process is also contingent upon the availability of officials from those departments. Considering these factors, the current 7-day timeframe allocated for rectifying deficiencies may not be adequate. Hence, we request an extension of the timeframe to 18 days for applicants to rectify application deficiencies without changing the time stamp in line with the timelines given to the nodal agency.</p>
2	<p>5.1 The sub-clause (c) to Clause (vii) of Regulation 5.8 of the Principal Regulations shall be substituted, and sub-clause (d) shall be added after sub clause (c) as under: (c) For a capacity up to 1000MW - Bank Guarantee of Rs. 10 lakh/ MW and for a capacity more than 1000MW - Bank Guarantee of Rs. 100 Crore plus Rs. 5 lakh/ MW for capacity over and above 1000MW, in lieu of ownership or lease rights or land use rights of land for 50% of the land required for the capacity for which Connectivity is sought subject to provisions of Regulations 11A and 11B of these regulations; or</p>	<p>5.1 The sub-clause (c) to Clause (vii) of Regulation 5.8 of the Principal Regulations shall be substituted, and sub-clause (d) shall be added after sub clause (c) as under: (c) For a capacity up to 100 MW - Bank guarantee of Rs 10 Lakh/MW and for a capacity more than 100 MW - Bank Guarantee of Rs 10 Crore plus Rs 5 Lakh/MW for capacity over and above 100 MW, in lieu of ownership or lease rights or land use rights of land for 50% of the land required for the capacity for which Connectivity is sought subject to provisions of Regulations 11 A and 11 B of these regulations; or</p>	<p>In the recent bids issued by various REIAs, developers are required to submit huge Performance Bank Guarantees In order to satisfy the huge financial requirements specified in these bids like the PBG requirement, developers have to keep aside a lion share of their capital to meet these conditions. This scenario leads to a blockage of huge amount of capital which is prolonging the COD of many projects.</p> <p>Hence to ease up the financial burden on the developers and to expedite the RE capacity addition in the country, it is requested to revise the Land route BG as suggested.</p>

3	<p>5.2 The sub-clause (c) to Clause (xi) of Regulation 5.8 of the Principal Regulations shall be substituted, and sub-clause (d) shall be added after sub-clause (c) as under as under:</p> <p>(c) For a capacity up to 1000MW - Bank Guarantee of Rs. 10 lakh/ MW and for a capacity more than 1000MW - Bank Guarantee of Rs. 100 Crore plus Rs. 5 lakh/ MW for capacity over and above 1000MW, in lieu of ownership or lease rights or land use rights of land for 50% of the land required for the capacity for which Connectivity is sought subject to provisions of Regulations 11A and 11B of these regulations; or</p>	<p>5.2 The sub-clause (c) to Clause (xi) of Regulation 5.8 of the Principal Regulations shall be substituted, and sub-clause (d) shall be added after sub-clause (c) as under as under:</p> <p>(c) For a capacity up to 100 MW - Bank guarantee of Rs 10 Lakh/MW and for a capacity more than 100 MW - Bank Guarantee of Rs 10 Crore plus Rs 5 Lakh/MW for capacity over and above 100 MW, in lieu of ownership or lease rights or land use rights of land for 50% of the land required for the capacity for which Connectivity is sought subject to provisions of Regulations 11 A and 11 B of these regulations; or</p>	<p>In the recent bids issued by various REIAs, developers are required to submit huge Performance Bank Guarantees in order to satisfy the huge financial requirements specified in these bids like the PBG requirement, developers have to keep aside a lion share of their capital to meet these conditions. This scenario leads to a blockage of huge amount of capital which is prolonging the COD of many projects.</p> <p>Hence to ease up the financial burden on the developers and to expedite the RE capacity addition in the country, it is requested to revise the Land route BG as suggested.</p>
4	<p>5.2 The sub-clause (c) to Clause (xi) of Regulation 5.8 of the Principal Regulations shall be substituted, and sub-clause (d) shall be added after sub-clause (c) as under as under:</p> <p>(d) Government Order issued by the concerned Government for allotment of the land along with possession documents for 100% of the land required for the capacity for which Connectivity is sought.</p>	<p>5.2 The sub-clause (c) to Clause (xi) of Regulation 5.8 of the Principal Regulations shall be substituted, and sub-clause (d) shall be added after sub-clause (c) as under:</p> <p>(d) Government Order issued by the concerned Government for allotment of the land along with land details for 100% of the land required for the capacity for which Connectivity is sought.</p>	<p>As per the 2nd draft amendment proposed, developers can apply for grant of connectivity by furnishing GOs issued by the concerned government for allotment of the land along with possession documents for 100% of the land required. However, obtaining the possession documents from the revenue departments is a very time-consuming process and it may take upto 8-9 months.</p> <p>Even if 50% of the land is in possession, the developer can directly apply under land route instead of GO route. Since the GOs issued by the State Governments is a credible proof for the land allotment, the requirement of land possession at the time of application may not be required. Also, since the connectivity is granted on a first -cum- first serve basis, by the time the developers receive the possession documents, there is a high chance that there may not be any vacant capacity available in their preferred substation and all the efforts taken by the developer to get the possession documents will become redundant.</p> <p>In this regard, it is requested to consider only the GOs issued by the concerned Governments and not make the possession documents for the land allotted as a mandatory requirement at the time of application for grant of connectivity.</p>
5	<p>An additional sub-clause (e) shall be added to the Regulation 5.8 (vii) and 5.8 (xi) of the Principal regulations</p>	<p>An additional sub-clause (e) shall be added to the Regulation 5.8 (vii) and 5.8 (xi) of the Principal regulations</p> <p>(e) Agreements executed with the Central/State Governments or Government Agencies for the development of renewable energy projects</p>	<p>The agreements executed with Central/State Governments or Government Agencies for the development of RE projects are executed after consultation and deliberations with all the stakeholders and the developers are also obligated to follow the timelines and other conditions stipulated by the government in such agreements.</p> <p>In this regard it is requested to consider such agreements executed with Central/State Governments or Government Agencies to be considered for applying for grant of connectivity</p>

6 (i)	<p>An additional clause shall be added to Regulation 5.8 vii (c) and 5.8 xi (c)</p>	<p>An additional clause shall be added to Regulation 5.8 vii (c) and 5.8 xi (c) As an alternative form of submission, for the Bank Guarantee in lieu of ownership or lease rights or land use rights of land for 50% of the land required for the capacity for which Connectivity is sought, the applicant has an option to submit a letter of undertaking issued by either of the following three organizations, viz. (i) Indian Renewable Development agency Limited (IREDA) or (ii) Power Finance Corporation Limited or (iii) REC Limited. This Letter of Undertaking shall be issued as “Payment on Order Instrument” (POI), wherein the POI issuing organization undertakes to pay in all scenarios under which the PBG would be liable to be encashed by the Nodal Agency within the provisions of these regulations</p>	<p>Government Financial Institutions, like PFC, REC and IREDA, are actively involved in financing renewable energy projects. Major contribution towards financing these projects, comes from these institutions, as renewable energy power projects are typical and different from that of other regular Infrastructure projects. The Ministry of New and Renewable Energy (MNRE) has also issued specific guidelines/instructions, to all RE implementing Agencies to accept Payment on Order Instrument (POI) issued by the above Financial Institutions (FIs) in lieu of the Bank guarantees towards meeting the requirements of EMD and Performance Guarantees.</p> <p>All the REIAs have successfully implemented this and this has been a successful way of meeting the requirements as a substitute for the Bank guarantees as the Payment on Order Instrument will also have terms and conditions similar to that of a Bank Guarantee given by any public sector bank and would promise to pay the procurer on demand within the stipulated time thus meeting the requirements of the security to be submitted towards specific requirements and timelines.</p> <p>We would like to state, as said the FIs have certain specific financial schemes to sanction and disburse Loans and financial comforts. These come as regular loan sanctions with minimum expenditure of resources and time, as these Institutions understand the nature of renewable energy projects. Banks do give guarantees generally on a 100% margin or on the issuance of Counter Guarantees by the aforesaid Financial Institutions. When Banks themselves give Guarantee, on the counter Guarantees of FIs, there is no reason for refusing to have the payment orders by these FIs, as commitment Guarantees under GNA regulations. Promoters have difficulty in providing Bank guarantees from the Banks alone, as the Commission has to be paid twice, first for FI issuing a counter Guarantee and second for the Bank to issue BG. Further proposals for these have to be appraised at two separate institutions which apart from the additional cost also add up to the additional time required for the bank and FIs to process.</p>
6 (ii)		<p>An additional sub-clause (a) shall be added to regulation 8.4 of the Principal regulations As an alternative form of submission, Conn-BG1, Conn-BG2 and Conn-BG3, the applicant has an option to submit a letter of undertaking issued by either of the following three organizations, viz. (i) Indian Renewable Development agency Limited (IREDA) or (ii) Power Finance Corporation Limited or (iii) REC Limited. This Letter of Undertaking shall be issued as “Payment on Order Instrument” (POI), wherein the POI issuing organization undertakes to pay in all scenarios under which the PBG would be liable to be encashed by the Nodal Agency within the provisions of these regulations</p>	<p>Hence, it is requested to consider the provision for acceptance of POIs issued by FIs like IREDA, PFC and REC also as an acceptable format for submission of all applicable BGs (Conn BG 1,2 &3 and Land route BGs).</p>

7	<p>Revision of Clause 8.2 (c) (c) Conn-BG1, Conn-BG2 and Conn-BG3, as applicable, shall be furnished within 1 (one) month of intimation of in-principle grant of Connectivity, failing which the application for Connectivity shall be closed and application fee shall be forfeited.</p>	<p>Revision of Clause 8.2 (c) (c) Conn-BG1, Conn-BG2 and Conn-BG3, as applicable, shall be furnished within 60 (sixty) days of intimation of in-principle grant of Connectivity, failing which the application for Connectivity shall be closed and application fee shall be forfeited</p>	<p>As per the latest GNA regulations 2022, the timeline for submission of bank guarantees is 30 days from the date of intimation of the In-Principle grant of connectivity. However, these guarantees are not generic and the Financial Institutions/Banks have specific procedures to process and disburse the limits which takes more than 30 days and hence a longer period will be a breather for systematic appraisal at the Financial Institutions/Banks for which reason, we request you to extend the timelines for submission of guarantees from 30 to 60 days.</p>
8		<p>Amendment to Clause 5.1 of the Principal regulation to restrict to grant of connectivity as per LOA Capacity instead of Installed capacity</p>	<p>Developers seeking connectivity via the BG route or Land Route must meet specific conditions related to the total capacity for which connectivity is requested. For instance, they need to adhere to certain financial criteria, such as Rs. 10 lakh per MW for the BG route. Additionally, they must provide documentation like a Registered Title Deed to demonstrate ownership or lease rights for at least 50% of the required land. For RTC/FDRE projects, if connectivity is granted for the total installed capacity based on the LOA quantum which may be much less than the installed capacity does not seem appropriate.</p> <p>Hence to provide a level playing field for all developers, it is requested to consider quantum of LOA capacity for grant of connectivity rather than the installed capacity.</p>
9	<p>8.2 A new Clause, namely Clause (5), shall be added after Clause (4) of Regulation 11A of the Principal Regulations as under: In case of Applicants which have been granted Connectivity under sub clause (a) of Clause (xi) of Regulation 5.8 of these regulations, and whose LoA or PPA gets terminated prior to the COD of the project, for the reasons not attributable to such Applicant and in cases where LoA or PPA has been terminated by the entity and the same has also been agreed by the REIA or Distribution Licensee, such Applicant may convert the Connectivity, in full or part, granted under sub-clause (a) of Clause (xi) of Regulation 5.8 of these regulations to Connectivity under sub-clause (b) of Clause (xi) of Regulation 5.8 of these Regulations with no change in the start date of Connectivity consequent to such conversion and compliance to requirements of Clause (2) and Clause (3) of this Regulation as applicable to entities covered under sub clause (b) of Clause (xi) of Regulation 5.8 of these regulations:</p>	<p>8.2 A new Clause, namely Clause (5), shall be added after Clause (4) of Regulation 11A of the Principal Regulations as under: Applicants who have been granted Connectivity under subclause, (a) or (b) or (c) of Clause (xi) of Regulation 5.8 of these regulations, may convert the Connectivity, in full or part, granted under sub-clause (a) or (b) or (c) of Clause (xi) of Regulation 5.8 of these regulations to (A) Connectivity under sub-clause (a) or (b) or (c) of Clause (xi) of Regulation 5.8 of these Regulations with the start date of connectivity as 12 months from the date of conversion or original the start date of Connectivity whichever is later, (B) another LOA/PPA with SCOD of the new project as start date of connectivity; consequent to such conversion and compliance to requirements of Clause (2) and Clause (3) of this Regulation as applicable to entities covered under Clause (xi) of Regulation 5.8 of these regulations</p>	<p>As per Clause 11 (A) (5) of the 2nd Draft Amendment proposed, in case connectivity granted under LOA or PPA route is terminated prior to COD of the project due to reasons not attributable to the applicant or if the LOA or PPA is terminated by the entity and it is accepted by the REIA or DISCOM, then, applicants have the option to convert the already granted connectivity approval under LOA or PPA route to Land route by submission of land proof documents as stipulated in the GNA regulations 2022 and also, extend the project SCOD date another 18 months from the date of conversion.</p> <p>In addition to the above, it is requested to provide the option to consider the substitution of connectivity granted in the following manner also:</p> <ul style="list-style-type: none"> ▪ LOA to LOA substitution (The signing of PPA is getting delayed by REIAs after issue of LOA. The delay in some cases is more than 12 months, wherein the developer can terminate the LOA. In such cases the developer may be allowed to substitute the connectivity with another LOA) ▪ LOA to Land BG (The signing of PPA is getting delayed by REIAs after issue of LOA. The delay in some cases is more than 12 months, wherein the developer can terminate the LOA. In such cases the developer may be allowed to substitute the connectivity by submitting the Land BG) ▪ Land BG route to LOA ((The time period for award of LOA from an REIA through the bidding process may take a few months to complete and since securing the connectivity for the project is a vital step in the actual realization of the project, developers may first apply for grant of connectivity by submitting the Land BGs and subsequent to the grant of LOAs for the project, they may be allowed an option to substitute the connectivity by submitting the LOA granted from the REIAs)

10	<p>Revision in treatment of Connectivity BGs (16.2) Conn-BG2 and Conn-BG3 shall be returned in five equal parts over five years corresponding to the generation capacity which has been declared under commercial operation by the Connectivity grantee.</p>	<p>Revision in treatment of Connectivity BGs Conn - BG2 and Conn - BG3 shall be returned within 60 days from the date of SCOD of the project</p>	<p>As per new RE guidelines, the COD will be declared after ensuring the rated full generation of the project, this indicates the RE plants 100% installed and is generating as per its rated capacity. In case of RE projects the annual generation is dependant on Solar/Wind resources and also there is no ramp up, trail run etc in RE plants. Therefore the submitted BGs may be released within 60 days of the commissioning.</p>
11		<p>Maintaining the timestamp of Initial application If any modifications are made by an applicant in the application, subsequent to clarifications sought from CTUIL, it is requested to maintain the time stamp of the original application and not to consider the time stamp of the modified application</p>	<p>The regulation may consider the original application submission date for time stamp for seniority, if the application submitted is complete and requires any additional documents as sought by CTUIL which are clarificatory in nature.</p>
12		<p>Interconnection Points Developers shall have an option to shift their connectivity from one substation to another substation (subjected to the availability of vacant capacity) within the same state without paying any additional charges.</p>	