

Date: March 03, 2023

To,  
Shri Harpreet Singh Pruthi  
Secretary  
Central Electricity Regulatory Commission (CERC)  
New Delhi

**Sub.: Suggestions/Comments on Draft CERC (Connectivity and General Network Access to the inter-State Transmission System) (Second Amendment) Regulations, 2024**

Dear Sir,

We sincerely appreciate Govt. of India's and CERC's effort in providing conducive regulations and policies in promoting Renewable sources of energy. We are grateful for your continued guidance, and assurance you have offered, by enabling a robust and healthy policy environment to thrive in the country.

We would like to thank you for the opportunity to raise our key concerns & suggestions on the aforementioned subject.

We have enclosed our comments and suggestions on the matters pertaining to, in the attached document. We are sure that our suggestions on the issues described in the attached document, will restore sound, strategic market balancing decisions.

We express our sincere gratitude that most of the industry grievances in the past have been addressed time to time, which has helped the industry to make significant progress in deployment and scaling up of renewable projects across the country. We hope this policy conducive environment continues in order to add more energy from renewable sources.

Thanking you for your understanding, support and consideration.

**With Sincere Regards**

**Shashank Gupta**

Azure Power India Private Limited

**Azure Power Feedback/Suggestion on Draft CERC (Connectivity and General Network Access to the inter-State Transmission System) (Second Amendment) Regulations, 2024**

We request commission to introduce following new provisions in GNA Regulation 2022.

Sl no	New Provision	Rationale
1	The condition subsequent which is to be met by the Connectivity grantee may also be allowed to fulfil by its subsidiary.	Most of the cases, Connectivity is secured in the name of Parent Company, however project construction is done in its subsidiary. Therefore, in such cases it will become difficult to comply with the regulation.
2	The company should be allowed to apply for the Connectivity basis the credentials of its subsidiary/Parent company.	Developers generally do not have subsidiary visibility at the time of bidding. Therefore, they generally do bidding using the credentials of Parent company.

S. No.	Clause	Draft Clause	Require Changes	Rationale
1	11 A (5)	In case of Applicants which have been granted Connectivity under subclause (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	In case of Applicants which have been granted Connectivity under subclause (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, <del>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)</del> <b>or Applicant</b> , 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	<ul style="list-style-type: none"> <li>The LOA/PPA based Connectivity conversion to Land based Connectivity should be allowed even if the LOA/PPA is cancelled for the reasons attributable to such applicant, as the start date of Connectivity shall remain the same.</li> </ul> <p>The above is since with the start date remaining the same, the CTU transmission</p>

S. No.	Clause	Draft Clause	Require Changes	Rationale
		<p>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 subclause (b) of Clause (xi) of Regulation 5.8 of these regulation</p> <p>Provided that in case of conversion of part quantum of Connectivity from LOA or PPA to Land, balance quantum of Connectivity shall be revoked and shall be governed in terms of Regulation 24.6 of these regulations:</p> <p>Provided further that such subsequent conversion from Land to LoA or PPA, for the purpose of fulfilling requirements under Regulation 11A and Regulation 24.6 of these regulations, shall not be permitted under Clause (4) of this Regulation.</p>	<p>Connectivity consequent to such conversion and compliance to requirements of Clause (2) and Clause (3) of this Regulation as applicable to entities covered under subclause (b) of Clause (xi) of Regulation 5.8 of these regulation</p> <p>Provided that in case of conversion of part quantum of Connectivity from LOA or PPA to Land, balance quantum of Connectivity shall be revoked and shall be governed in terms of Regulation 24.6 of these regulations:</p> <p>Provided further that such subsequent conversion from Land to LoA or PPA, for the purpose of fulfilling requirements under Regulation 11A and Regulation 24.6 of these regulations, shall not be permitted under Clause (4) of this Regulation.</p> <p>However, the generator shall not be penalized if the LOA/PPA is terminated for the reasons not attributable to such Applicant.</p>	<p>system will not go unutilized.</p> <ul style="list-style-type: none"> <li>• This Regulatory change will also incentivize RE developers to continuously and swiftly develop their RE Projects even if their LOA/PPA becomes unviable due to any commercial/regulatory reason.</li> <li>• In case, PPA/LOA has been cancelled due to the reason not attributable to the developer. <ul style="list-style-type: none"> <li>○ The developer should be allow to surrender the Connectivity without any penalty.</li> </ul> </li> <li>• The above is since the developer has no fault in PPA/LOA cancellation.</li> </ul>
2	11 A (2)	<p>An applicant which is REGS (other than Hydro generating station), ESS (excluding PSP) or Renewable power park developer to which a final grant of connectivity has been issued shall submit an Auditor's certificate, certifying the</p>	<p><b>Request Commission to amend the clause as below:</b>  Applicants which have granted Connectivity under subclause (b) of Clause (xi) and subclause (c) of clause (xi), which is REGS (other than Hydro generating station), ESS (excluding PSP) or Renewable power</p>	<ul style="list-style-type: none"> <li>• This compliance should not be required for LOA/PPA based Connectivity, as the developer is in any case obligated to adhere to the</li> </ul>

S. No.	Clause	Draft Clause	Require Changes	Rationale
		<p>release of at least 10% of the project cost including the land acquisition cost through equity latest by 12 months prior to the scheduled date of commercial operation of such applicant:</p> <p>Provided that in case of REGS (other than Hydro generating station) or ESS (excluding PSP) who have been granted Connectivity under sub-clause (a) of Clause (xi) of Regulation 5.8 or are subsequently covered under sub-clause (a) of Clause (xi) of Regulation 5.8, the scheduled date of commercial operation for the purpose of Clause (2) of Regulation 11A shall be considered as SCOD, as extended by REIA or a distribution licensee or an authorized agency on behalf of distribution licensee from time to time, subject to the condition that any extension in the timeline to release 10% equity infusion due to extension in SCOD shall not be allowed more than 12 months from the original timeline as per initial SCOD.</p>	<p>park developer to which a final grant of connectivity has been issued shall submit an Auditor's certificate, certifying the release of at least 10% of the project cost including the land acquisition cost through equity latest by <del>12</del> 3 months prior to the scheduled date of commercial operation of such applicant <del>or effectiveness of the GNA , whichever is later.</del></p> <p><i>This provision shall not be applicable on Connectivity/LTA transitioned to Connectivity under Clause 37.2 and 37.3 of GNA Regulation 2022.</i></p>	<p>PPA/LOA conditions, timelines and penalties in case the project is not executed on time. Additionally the developer is also liable to pay penalty in case of delay of commissioning beyond the GNA effectiveness date or start date (which ever is later) basis sharing Regulation.</p> <ul style="list-style-type: none"> <li>It's also pertinent to note that, the risk of squatting on Connectivity is fully mitigated in case of LOA/ PPA based Connectivity, with the REGS having a firm contract binding them to strict timelines as per the LOA/ PPA, and the risk of encashment of large Bank Guarantees submitted to the Buying Utility.</li> <li>It is owing to the aforesaid reasons, that such a requirement was not mandated by CERC for LOA</li> </ul>

S. No.	Clause	Draft Clause	Require Changes	Rationale
				<p>based Connectivity, in any of the earlier RE Connectivity Procedures either.</p> <ul style="list-style-type: none"> <li>• We thus request Hon'ble CERC to exclude Applicants applying for Connectivity based on LOA/ PPA from fulfilling the requirement under Clause 11A (2), and amend Clauses 11A (2) as suggested.</li> <li>• <b>If the said change in the draft clause is not accepted to the hon'ble CERC, at least this condition should be relaxed, and developer should be allowed to fulfil the said condition subsequent 3 months prior to SCD.</b></li> <li>• The above is since most of the equity release towards the Project is usually done in the last few months (in line with the debt</li> </ul>

S. No.	Clause	Draft Clause	Require Changes	Rationale
				<p>disbursements) closer to 3-6 months prior to the SCD.</p> <ul style="list-style-type: none"> <li>• Additionally, the SCD date itself is a moving date. Sometimes developers get SCD extension letter from REIA only a few months prior to SCD.</li> <li>• On the other hand, the current provision would force the developers to unnecessarily release 10% of the Project Cost through equity (i.e. ~40% of the total equity commitment of the Project) 12 months prior to the SCD of the Project.</li> <li>• Irrespective of changes suggested above, we sincerely request CERC to ensure this new condition subsequent (which was not applicable under old Connectivity Regulation), should not be enforced retrospectively.</li> </ul>

S. No.	Clause	Draft Clause	Require Changes	Rationale
3	11 A (3)	<p>An applicant which is REGS (other than Hydro generating station), ESS (excluding PSP) or Renewable power park developer to which a final grant of connectivity has been issued shall have to achieve the financial closure for the capacity of such Connectivity, latest by 12 months prior to the scheduled date of commercial operation of such applicant:</p> <p>Provided that such an applicant shall submit proof of Financial Closure of the project (with a copy of the loan sanction letter or proof of first disbursement of the loan amount) or a copy of board resolution (if internal funding is planned for 100% of the project cost) to CTU within 15 days of achieving the financial closure:</p> <p>Provided that in case of REGS (other than Hydro generating station) or ESS (excluding PSP) who have been granted Connectivity under sub-clause (a) of Clause (xi) of Regulation 5.8 or are subsequently covered under sub-clause (a) of Clause (xi) of Regulation 5.8, the scheduled date of commercial operation for the purpose of Clause (3) of Regulation 11 A shall be considered as the SCOD, as extended by REIA or a</p>	<p><b>Request Commission to replace draft clause as below:</b></p> <p>Applicants <a href="#">which have granted Connectivity under subclause (b) of Clause (xi) and subclause (c) of clause (xi)</a>, which is REGS (other than Hydro generating station), ESS (excluding PSP) or Renewable power park developer to which a final grant of connectivity has been issued shall have to achieve the financial closure for the capacity of such Connectivity, latest by <del>12</del> <b>3</b> months prior to the scheduled date of commercial operation of such applicant.</p> <p>Provided that such an applicant shall submit proof of Financial Closure of the project (with a copy of the loan sanction letter or proof of first disbursement of the loan amount) or a copy of board resolution (if internal funding is planned for 100% of the project cost) to CTU within 15 days of achieving the financial closure:</p> <p><a href="#">This provision shall not be applicable on Connectivity/LTA transitioned to <i>Connectivity</i> under Clause 37.2 and 37.3 of GNA Regulation 2022.</a></p>	<ul style="list-style-type: none"> <li>• This compliance should not be required for LOA/PPA based Connectivity, as the developer is in any case obligated to adhere to the PPA/LOA conditions, timelines and penalties in case the project is not executed on time. Additionally, the developer is also liable to pay penalty in case of delay of commissioning beyond the GNA effectiveness date or start date (whichever is later) basis sharing Regulation.</li> <li>• It's also pertinent to note that, the risk of squatting on Connectivity is fully mitigated in case of LOA/PPA based Connectivity, with the REGS having a firm contract binding them to strict timelines as per the LOA/PPA, and the risk of encashment of large Bank Guarantees submitted to the Buying Utility.</li> </ul>

S. No.	Clause	Draft Clause	Require Changes	Rationale
		<p>distribution licensee or an authorized agency on behalf of distribution licensee from time to time, subject to the condition that any extension in the timeline to achieve the milestone of Financial Closure due to extension in SCOD shall not be allowed more than 12 months from the original timeline as per initial SCOD.</p>		<ul style="list-style-type: none"> <li>• It is owing to the aforesaid reasons, that such a requirement was not mandated by CERC for LOA based Connectivity, in any of the earlier RE Connectivity Procedures either.</li> <li>• We thus request Hon'ble CERC to exclude Applicants applying for Connectivity based on LOA/ PPA from fulfilling the requirement under Clause 11A (3), and amend Clauses 11A (3) as suggested.</li> </ul>