

CORP:SERV:2587

8 March 2024

The Secretary  
Central Electricity Regulatory Commission  
3<sup>rd</sup> & 4<sup>th</sup> Floor, Chanderlok Building  
36, Janpath  
New Delhi – 110 001

Sir,

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

With reference to your communication File No. L-1/261/2021/CERC dated 16 February 2024, we furnish our submissions / suggestions on the above draft Regulations for your kind consideration. We shall be grateful if the Hon'ble Commission recognizes our concerns and makes necessary modifications.

We also crave leave to submit at a future date further materials on the subject which may be available to us in the event we are of the opinion that the same would render meaningful assistance to the Hon'ble Commission in the matter.

Yours faithfully,



Sr. Vice President (Regulatory Affairs)

Encl.

**Summary of Draft Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) (Second Amendment) Regulations, 2024 (“Draft GNA Second Amendment Regulations”)**

1. The Hon’ble Central Electricity Regulatory Commission has issued Draft GNA Second Amendment Regulations, 2024 which largely deals with connectivity/general network access in respect of Renewable Energy Park Developer (“RE Park Developer”), Energy Storage System excluding pump storage (“ESS”) and Renewable Energy Generating Station other than Hydro generating (“REGS”).
2. Prima facie it is observed that the timelines for fulfilment of various requirements / conditions subsequent have been altered. Further, additional scope for justification of land ownership or right to use land for the project has been improved upon through allowance of State/Central Government Order.
3. It is respectfully submitted that the industry is plagued with problems of non-serious applicants blocking connectivity to transmission network by gaming the system. Rent seeking behaviour of such non-serious players is affecting the system. Required safeguards, without compromising the pace of development in the sector is the need of the hour.
4. Comments of CESC Limited, which is a distribution licensee as well as a generating company under the Electricity Act, 2003 have been furnished in the following Table (Annexure-1) on the Draft GNA Second Amendment Regulations.

**CESC’s Comments on Draft CERC (Connectivity and General Network Access to the inter-State Transmission System) (Second Amendment) Regulations, 2024 with existing Regulations**

Sl. No.	Regulation Reference	Draft Amendment	CESC’s Submission
1.	Regulation 2.1 (ag-i)	<i>“(ag-i) “Renewable Energy Implementing Agency” means and includes an entity designated by the Central Government or the State Government to act as Intermediary Procurer to select and buy power from Renewable energy generating station(s) and sell the same to one or more distribution licensees or any other entity in accordance with the Guidelines issued from time to time by the Ministry of Power, Government of India or the Ministry of New and Renewable Energy, Government of India or the State Government.”</i>	<ul style="list-style-type: none"> <li>The definition may kindly be reworded as below, to provide more clarity: “(ag-i) “Renewable Energy Implementing Agency” means and includes an entity designated by the Central Government or the State Government to act as Intermediary Procurer to select and buy power from Renewable energy generating station(s) and sell the same to one or more distribution licensees or any other entity <b><u>designated as a bid process agency/coordinator</u></b> in accordance with the Guidelines issued from time to time by the Ministry of Power, Government of India or the Ministry of New and Renewable Energy, Government of India or the State Government.”</li> </ul>
2.	Regulation 3.5	<i>“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 <b>within Eighteen (18) days</b> of the receipt of application, in order of date and time of receipt</i>	<ul style="list-style-type: none"> <li>The Draft Regulation proposed to increase the time limit within which Nodal agency is required to intimate the deficiency in Connectivity/GNA application from one week to 18 days.</li> </ul>

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		<p><i>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.”</i></p>	<ul style="list-style-type: none"> <li>• However, the time given to the Applicant to rectify the deficiencies has been kept same at one week.</li> <li>• It is submitted that the in order to correct these deficiencies, Applicants may also be required to obtain data/records from various agencies/departments internally or from various Govt departments. Therefore, the time limit within which these deficiencies need to be rectified may also be relaxed and the Applicant may also be allowed to correct such deficiencies within a time frame of 18 days.</li> </ul>
3.	Regulation 5.1	Modification of existing Regulation – Connectivity application aligned with LOA quantum and not installed Capacity	<ul style="list-style-type: none"> <li>• RE projects developed under Round-the-Clock (RTC) / Firm and Dispatchable Renewable Energy (FDRE) usually have substantial oversizing of installed capacity to meet the CUF norms of the procurer. For such projects, connectivity applications linked with installed capacity as against the LoA quantum would lead to significantly higher amounts of BG as well as land documents.</li> <li>• Considering that the LoA quantum would be the relevant measure of connectivity, it is requested that the requirement conditions necessary be aligned with the LOA capacity and not with the installed capacity. This would provide a level playing field for all developers participating in the same.</li> </ul>

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			<ul style="list-style-type: none"> <li>• Therefore, suitable modifications may please be undertaken in the existing GNA regulations.</li> </ul>
4.	Regulation 5.8 (vii) (c)	<p><i>“(c) For a capacity up to 1000 MW - Bank Guarantee of Rs. 10 lakh/MW and for a capacity more than 1000 MW - Bank Guarantee of Rs. 100 Crore plus Rs. 5 lakh/MW for capacity over and above 1000 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 11A and 11B of these regulations.”</i></p>	<ul style="list-style-type: none"> <li>• It is submitted a document to substantiate a minimum net-worth criteria may be introduced to alleviate any concerns of spurious applications by local third parties in RE rich states and allow applications by credible developers only.</li> <li>• As submitted above Regulation 5.8 may suitably modified</li> </ul>
5.	Regulation 5.8 (vii) (d)	<p><i>“(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.”</i></p>	<ul style="list-style-type: none"> <li>• To encourage and enable participation of serious players in RE project development, verification process of the land possession documents may be made stringent.</li> <li>• It is submitted that obtaining the possession documents from the revenue departments is a very time-consuming process. Since the Government Order itself is a credible proof of land allotment, the <u>requirement of furnishing of land possession document may be removed</u>. Further, since connectivity is granted on a first-come-first-serve basis, requirement of such possession document that takes substantial amount of time may lead to no capacity being allotted to the developer. Therefore,</li> </ul>

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			the provision of submission of possession documents may please be done away with.
6.	Regulation 5.8 (xi) (c)	<i>“(c) For a capacity up to 1000 MW - 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.”</i>	<ul style="list-style-type: none"> <li>• It is submitted a document to substantiate a minimum net-worth criteria may be introduced to alleviate any concerns of spurious applications by local third parties in RE rich states and allow applications by credible developers only.</li> <li>• As submitted above Regulation 5.8 may suitably modified</li> </ul>
7.	Regulation 5.8 (xi) (d)	<i>“(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.”</i>	<ul style="list-style-type: none"> <li>• To encourage and enable participation of serious players in RE project development, verification process of the land possession documents may be made stringent.</li> <li>• It is submitted that obtaining the possession documents from the revenue departments is a very time-consuming process. Since the Government Order itself is a credible proof of land allotment, the <u>requirement of furnishing of land possession document may be removed</u>. Further, since connectivity is granted on a first-come-first-serve basis, requirement of such possession document that takes substantial amount of time may lead to no capacity being allotted to the developer. Therefore,</li> </ul>

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			the provision of submission of possession documents may please be done away with.
8.	Regulation 7.1	<i>“In the event the Nodal Agency after the interconnection study undertaken in accordance with Regulation 6.1 of these regulations, determines that no augmentation is required, the Nodal Agency shall intimate in-principle grant of connectivity to the Applicant within <b>60 days</b> from the last day of the month in which the application had been received...”</i>	<ul style="list-style-type: none"> <li>• The Draft Regulation proposes to increase the time required for Nodal Agency to intimate in-principle grant of Connectivity to the applicant from the last day of the month in which application has been received.</li> <li>• It is submitted that in the extant Regulations there is no time limit provided for completion of Interconnection Study from the date of receipt of application for grant of connectivity.</li> </ul>
9.	Regulation 7.2	<i>“In case the Nodal Agency, after the interconnection study undertaken in accordance with Regulation 6.1 of these regulations, determines that augmentation (with ATS or without ATS) is required, the Nodal Agency shall intimate in-principle grant of Connectivity to the Applicant within <b>90 days</b> from the last day of the month in which the application had been received.....”</i>	<ul style="list-style-type: none"> <li>• It is submitted that a timeline may be provided in Regulation 6 of the extant Regulations within which the inter-connection study needs to be completed.</li> <li>• Upon completion of interconnection study, the subsequent intimation to the applicant can be made within a short time frame.</li> <li>• Regulation 6 and Regulation 7 may be suitably modified to incorporate aforesaid scheme of things.</li> </ul>
10.	Regulation 11(A) (5)	<i>“(5) 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</i>	<ul style="list-style-type: none"> <li>• Distribution licensees entering into PPA/issuing LoA with a Renewable Developer come under purview of the respective State Electricity Regulatory Commission (SERC), who need to approve the same based on application from the Discoms.</li> </ul>

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		<p><i>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:</i></p> <p><i>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:</i></p> <p><i>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.”</i></p>	<p>Therefore, it is essential that any termination of the same need to be agreed /approved by the respective SERCs. Therefore, it is submitted that clause may be suitably modified as below, to incorporate the approval of SERCs for valid termination of PPA/LoA.</p> <p><i>“(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/<b>approved</b> by the REIA or Distribution Licensee or <b>appropriate regulatory commission</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 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 regulations:</i></p>



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			<p>.....”</p> <ul style="list-style-type: none"> <li>• Further, the proposed amendment allows for conversion of connectivity granted under LoA/PPA mode to land mode through furnishing of land ownership related documents. It is further requested that additional provisions may please be introduced with respect to replacement of the LoA with another LoA or replacement of Land BG route with LoA routes as alternative forms of conversion, to accommodate various challenges faced by the developer during bidding / signing of PPA stages. <ul style="list-style-type: none"> <li>○ LoA with replacement LoA – In cases where signing of PPAs get delayed due to REIAs / Discoms for more than 12 months, the developers have option to terminate the PPA. It is submitted that they may be allowed to substitute the original LoA with an alternative LoA</li> <li>○ Land BG route to LOA Route - Developers may first apply for grant of connectivity by submitting the Land BGs securing the connectivity for the project and subsequent to the grant of LOAs for the project by REIAs, they may be allowed an option to substitute the connectivity by submitting the LOA granted</li> </ul> </li> </ul>

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11.	Regulation 16.2	Modification of existing clause – Release of Conn-BG2 and Conn-BG3	<ul style="list-style-type: none"> <li>• The existing clause entails release of Conn-BG2 and Conn-BG3 shall be returned in five equal parts over five years and proportionate to capacity under commercial operation for part commissioning</li> <li>• However, as per the latest RE guidelines, the COD of the RE project would be declared only after ensuring the rated full generation of the project. This effectively ensures that the RE plant is 100% installed and is generating as per its rated capacity. Further, in case of RE projects the annual generation is dependent entirely on Solar/Wind resources and there is no ramp up, trail run etc unlike conventional power plants</li> <li>• Considering the above, it is submitted that the BGs may be released within 60 days of the commissioning</li> </ul>
12.	New Clause	Insertion of new clause – Maintaining timestamp of original application	<ul style="list-style-type: none"> <li>• 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</li> <li>• 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</li> </ul>

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13.	New Clause	<p>Insertion of new clause – Interconnection points</p> <p>Developers shall have an option to shift their connectivity from one substation to another substation (subject to the availability of vacant capacity) within the same state without paying any additional charges.</p>	<ul style="list-style-type: none"> <li>The provision of shifting of interconnection point within the same State without payment of additional charges, subject to availability of transmission capacity, may kindly be allowed in the Regulations.</li> </ul>