

**Email****Mukesh Kumar**

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**Fwd: Draft CERC (Connectivity and GNA to ISTS) (2nd Amend) Regulations, 2024 - Comments**

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**From :** Shilpa Agarwal <shilpa@cercind.gov.in>

Mon, Mar 11, 2024 03:56 PM

**Subject :** Fwd: Draft CERC (Connectivity and GNA to ISTS) (2nd Amend) Regulations, 2024 - Comments 2 attachments **To :** Mukesh Kumar <mukeshkr.cea@gov.in>, ramakant ece <ramakant.ece@gmail.com>, Awdhesh Kumar Yadav <awdhesh@nic.in>

----- Forwarded Message -----

From: mohammad aamir &lt;mohammad.aamir@enel.com&gt;

To: Harpreet Singh Pruthi &lt;secy@cercind.gov.in&gt;

Cc: Shilpa Agarwal &lt;shilpa@cercind.gov.in&gt;, sandy khera &lt;sandy.khera@enel.com&gt;, namit jain &lt;namit.jain@enel.com&gt;, balakishore kollabathula &lt;balakishore.kollabathula@enel.com&gt;

Sent: Mon, 11 Mar 2024 10:57:46 +0530 (IST)

Subject: Draft CERC (Connectivity and GNA to ISTS) (2nd Amend) Regulations, 2024 - Comments

INTERNAL

Dear Sir,

Please find attached out comments on the proposed amendments to the Draft CERC (Connectivity and GNA to ISTS) (2nd Amend) Regulations, 2024. Request you to please condone the delay in submission.

Best Regards,

Mohammad Farrukh Aamir

Head - Regulatory Affairs

[Image result for enel green power logo]

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"SAVE PAPER - THINK BEFORE YOU PRINT!"

**2024-03-05 - Draft 2nd Amenment GNA Enel.pdf**

216 KB



**Enel's comments on 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><b>3. Amendment to Regulation 3.5 of the Principal Regulations</b></p> <p>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><b>3. Amendment to Regulation 3.5 of the Principal Regulations</b></p> <p>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 <del>Eighteen (18)</del> <b>fourteen (14)</b> days of the receipt of application, in order of date and time of receipt of application. The Applicant shall rectify the deficiency within <b>fourteen (14) days</b> <del>one week</del> 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>It is understood that given the increased number of applications and scrutiny to be carried out by CTU, it is proposed that the time for intimation of deficiencies by CTU be increased from one week to 18 days and rectification be carried out within one week by the applicant.</p> <p>While the need for increased time to CTU is agreed with, <b>it is suggested that CTU intimate the deficiencies within 14 days, with applicant rectify the same within 14 days.</b> It needs to be appreciated that, to rectify the deficiencies, the connectivity applicants may need to obtain records and documentation from govt dept and agencies, who follow their respective procedures. It is seen that time is also lost in various public holidays and dependent of availability of officials for providing this documentation.</p>

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			Further, CTU has been requesting connectivity applicants to apply early in the month, and a 14-day period for CTU and a equal 14 day period of the developer to rectify, will nudge the behaviour in right earnest and developers will be inclined to file for connectivity early since a rectified application will be taken up in the months connectivity grant meeting. In case
2.	<p><b>Amendment proposed in sub-clause (1) of Clause 11A</b></p> <p>(1) An applicant which is REGS (other than Hydro generating station) or ESS (excluding PSP) covered under sub-clause (c) of Clause (xi) of Regulation 5.8 or Renewable power park developer covered under sub-clause (c) of Clause (vii) Regulation 5.8, shall submit documents for land in terms of sub-clause (b) of Clause (xi) or sub-clause (b) of Clause (vii) of Regulation 5.8 of these regulations, as the case may be, within 18 months of issuance of an in-principle grant of Connectivity or within 12 months of issuance of a final grant of Connectivity, whichever is earlier. The Bank Guarantee submitted under subclause (c) of Clause (vii) or under sub-clause (c) of Clause (xi) of Regulation 5.8 of these regulations shall be returned within 7 days of submission of stipulated documents as proof of Ownership or lease rights or land use rights.</p>	<p>11A</p> <p>(1) An applicant which is REGS (other than Hydro generating station) or ESS (excluding PSP) covered under sub-clause (c) of Clause (xi) of Regulation 5.8 or Renewable power park developer covered under sub-clause (c) of Clause (vii) Regulation 5.8, shall submit documents for land in terms of sub-clause (b) of Clause (xi) or sub-clause (b) of Clause (vii) of Regulation 5.8 of these regulations, as the case may be, <del>within 18 months of issuance of an in-principle grant of Connectivity or</del> within 12 months of issuance of a final grant of Connectivity, <del>whichever is earlier.</del> The Bank Guarantee submitted under subclause (c) of Clause (vii) or under sub-clause (c) of Clause (xi) of Regulation 5.8 of these regulations shall be returned within 7 days of submission of stipulated documents as proof of Ownership or lease rights or land use rights.</p>	<p>It is submitted that a single condition be kept, and the connectivity grantee be required to submit the land documents within 12 months from issuance of final grant of connectivity.</p> <p>It is being observed and likely to be observed more often in the near future that the tentative coordinates indicated in at the time of in-principal grant of connectivity undergo change and the final coordinates are very different. Further, it would take more time for CTU to be aware of the final coordinates (upon completion of bidding for transmission package is concluded) and it would invariably justifiably delay in-principal grant of connectivity to final grant of connectivity.</p>

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			Given this known risk, developers would be reluctant to acquire land and lender vary of disbursing funds until final connectivity coordinates are known. <b>Hence it is suggested that 18 months from in-principal grant of connectivity be deleted, and only 12 months from final grant of connectivity be retained.</b>
3.	<p><b>Amendment proposed in sub-clause (1) of Clause 11A</b></p> <p>(2) 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 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</p>	<p>(2) 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 release of at least <del>10</del>5% of the project cost including the land acquisition cost through equity <b>OR to achieve the financial closure for the capacity of such Connectivity</b> latest by <del>12</del> 6 months prior to the scheduled date of commercial operation of such applicant <b>or from the start date of connectivity whichever is later.</b></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</p>	<p>It is submitted that the equity has the highest cost of capital and is brought later in the project. Further, given that land for RE projects is leased, and the cost of land varies between 3%-5% of the total project cost. <b>It is hence suggested that the cut-off for equity be limited to 5% of the project cost given the early stage of project development cycle.</b> Further most of the REIAs monitor the project development based on the financial closure milestone and through monthly/ quarterly project development reviews. Therefore, requirement of ensuring connectivity utilization be met through by giving the connectivity grantee either comply with the requirement of achieving financial closure or release of equity.</p>

S. No	Existing Clause as per 2nd Amendment - Draft	Proposed Clause	Rationale
	<p>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>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>Further it is not clear how is Scheduled date of commercial operations being defined? Is it the date that the applicant has mentioned in its connectivity application? Since provision refers to LOA/PPA route, wherein the SCD is known, it is well understood, the SCD date here means the date mentioned by the developer in his connectivity application.</p> <p>It is observed that in many grants, the connectivity dates being granted are beyond the SCD dates that developers are seeking in their connectivity application. This is given the fact that existing capacities are granted, and new capacity would take their rightful due time to be commissioned. A developer in its connectivity application would have sought Dec 2026 as SCD for its project, but the connectivity granted would be from Dec 2027. Under such situation, the developer would align its development plant and SCD for connectivity start date and would be in no position to meet the 10% equity requirement buy Dec 2025, 12 months before the application COD and 24 months before the connectivity start date.</p>

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			<p>Hence, it is suggested that <b>10% equity infusion condition be 6 months from SCD or connectivity start date whichever is later.</b></p> <p>Further, the timelines for demonstrating 10% equity infusion and achieving financial closure should be same, and both are being suggested to be maintained at 6 months from SCD or <b>connectivity start date whichever is later.</b></p>
4.	<p><b>11A. Conditions subsequent to be satisfied by the Connectivity Grantee</b></p> <p>(3) An applicant which is REGS (other than Hydro generating station), ESS (excluding PSP) or Renewable power park developer to which 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 copy of loan sanction letter or proof of first disbursement of loan amount) or copy of</p>	<p><b>11A. Conditions subsequent to be satisfied by the Connectivity Grantee</b></p> <p>(3) An applicant which is REGS (other than Hydro generating station), ESS (excluding PSP) or Renewable power park developer to which 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>6</b> months prior to the scheduled date of commercial operation of such applicant <b>or from the start date of connectivity whichever is later:</b></p> <p>Provided that such an applicant shall submit proof of Financial Closure of the project</p>	<p>The RE tenders issued by REIA's require the developer to achieve Financial Closure 6 months prior to the SCSD/ extended SCSD.</p> <p><b>It is hence submitted that the requirement of achieving financial closure be 6 months from SCD. The requirements across connectivity conditions and tender conditions be aligned with same timelines, to the extent possible not duplicated and consistency maintained.</b></p>

S. No	Existing Clause as per 2nd Amendment - Draft	Proposed Clause	Rationale
	<p>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 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>	<p>(with copy of loan sanction letter or proof of first disbursement of loan amount) or 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 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 <del>12</del> 6 months from the original timeline as per initial SCOD.</p>	