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

1 message

Mukesh Kumar <mukeshkr.cea@gov.in>
To: uralsharma1995 <uralsharma1995@gmail.com>

Fri, Mar 8, 2024 at 4:37 PM

From: "Shilpa Agarwal" <shilpa@cercind.gov.in>
To: "Mukesh Kumar" <mukeshkr.cea@gov.in>, "ramakant ece" <ramakant.ece@gmail.com>, "Awdhesh Kumar Yadav" <awdhesh@nic.in>
Sent: Friday, March 8, 2024 4:33:25 PM
Subject: Fwd: Comments in Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) (Second Amendment) Regulations, 2024

From: "monalisha dash" <monalisha.dash@fortum.com>
To: "Harpreet Singh Pruthi" <secy@cercind.gov.in>, "Shilpa Agarwal" <shilpa@cercind.gov.in>
Sent: Friday, March 8, 2024 4:11:00 PM
Subject: Comments in Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) (Second Amendment) Regulations, 2024

Respected Sir,

On behalf of Fortum India, please find attached our Comments in Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) (Second Amendment) Regulations, 2024

Thanks and Regards,

Monalisha Dash

Regulatory Manager

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 **Comments in Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) (Second Amendment) Regulations, 2024.docx**
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Sl.No	Existing Clause	Proposed Clause	Rationale
1	<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 subclause (c) 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>5.1 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 subclause (c) 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 recent REIA bids, developers must provide large Performance Bank Guarantees, tying up a significant portion of their capital and delaying project completion. To ease this burden and expedite renewable energy growth, revising the Land Route BG is proposed.</p>
2	<p>Revision of Clause 8.2 (c)</p> <p>(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)</p> <p>(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>The latest GNA regulations state that bank guarantees must be submitted within 30 days of the In-Principle grant of connectivity. However, the procedures at Financial Institutions/Banks take longer, more than 30 days. To allow for proper appraisal, we request an extension of the submission deadline from 30 to 60 days.</p>
3	<p>Amendment proposed in sub-clause (1) of Clause 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, 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, within 12 months of issuance of a final grant of Connectivity. 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>We propose a single condition: the connectivity grantee must submit land documents within 12 months of receiving the final grant of connectivity. Initial coordinates provided at the in-principal grant often change significantly for the final coordinates. Delays in confirming these final coordinates by the CTU, after bidding for the transmission package, lead to reluctance among developers to acquire land and lenders to disburse funds. Thus, we suggest removing the 18-month requirement from the in-principal grant, keeping only the 12-month timeframe from the final grant of connectivity.</p>

4	<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 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 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:</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>The proposed 2nd Draft Amendment (Clause 11 (A) (5)) allows for conversion of connectivity granted under LOA or PPA route to Land route if terminated prior to project COD for reasons not the applicant's fault. This requires submission of land proof documents as per GNA regulations 2022, extending SCOD by 18 months. Additionally, developers request the option to substitute connectivity as follows:</p> <ol style="list-style-type: none"> 1. LOA to LOA substitution: If PPA signing is delayed by REIAs after LOA issuance for more than 12 months, developers can terminate LOA and substitute with another LOA. 2. LOA to Land BG substitution: If PPA signing is delayed by REIAs after LOA issuance for more than 12 months, developers can terminate LOA and substitute with Land BG. 3. Land BG route to LOA substitution: Developers can initially apply for connectivity using Land BGs. After LOAs are granted through bidding, they can substitute Land BG connectivity with REIA-granted LOAs.
5		<p>11.A Conditions subsequent to be satisfied by the Connectivity Grantee (4) In case of Applicants which have been granted Connectivity under clauses (xi)(b) or (xi)(c) of the Regulation 5.8 but are subsequently covered under clause (xi)(a) of the Regulation 5.8, the requirement of furnishing the documents in accordance with Clauses (1) to (3) shall be the same as applicable to the entities covered under clause (xi)(a) of Regulation 5.8.</p>	<p>The regulation allows for conversion of connectivity from Land or Land BG routes to the LOA route after submitting the LOA. We request the commission to permit partial transfer of connectivity granted under the Land or Land BG route to the LOA route after submitting the LOA.</p>