

**Comments, views and Objections of  
TANGEDCO on the Draft CERC  
(Grant of Connectivity and General Network  
Access to the inter-State transmission system)  
(Second Amendment) Regulations, 2023**  
*Comments of TANGEDCO during Public Hearing on  
21<sup>st</sup> March 2024*

# Comments and views of TANGEDCO

## **Proposed Amendment:**

### *5. Amendment to Regulation 5.8 of the Principal Regulations:*

*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:*

*“(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*

*(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.”*

*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:*

*“(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*

*(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.”*

## Comments:

1. The original provision in the sub-clause (c) to Clause (xi) of Regulation 5.8 of the Principal Regulations the sub-clause (c) to Clause (vii) and (xi) of Regulation 5.8 of the Principal Regulations **may be retained i.e., uniform BG for Rs.10 lakh/MW irrespective of capacity of RE generators.**
- (c) *Bank Guarantee of Rs. 10 lakh/ 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.”*
2. A huge investment is made based on the grant of connectivity to the applicants for higher capacity more than 1000MW, the BG amount might not provide sufficient financial security for the costs incurred especially if the applicant fails to acquire land or abandon the project.
3. Already, the Hon’ble CERC has modified the definition of Associated Transmission (ATS) which was not brought in the draft Regulations. The definition proposed under draft and the final Regulations are extracted:

- ▶ *“Any augmentation required, excluding terminal bay(s), to the existing ISTS identified under Regulation 6.1 of these regulations, shall be considered as the Associated Transmission System (ATS) for the Applicant(s).”- as per draft.*
  - ▶ *Of the augmentation requirement as identified under Regulation 6.1 of these regulations, augmentation required for immediate evacuation of power of the Applicant (s), excluding terminal bay(s), shall be considered as the Associated Transmission System (ATS) for the Applicant(s)- as per final Regulation.*
4. The above definition has already relieved the Connectivity grantees from the liability of compensating the transmission licensee in case of failure to match the commissioning of the generation project with COD of transmission system or abandonment of the projects and the entire financial burden on account of redundant transmission system created will be imposed on the existing DICs.
  5. The above revision would further relieve the generators from the responsibility of providing bank guarantees in proportion to the transmission system developed at their behest. Hence, this amendment shall be dropped

## **Proposed Amendment:**

### **8. Amendment to Regulation 11A of the Principal Regulations:**

#### **8.1. Clause (1), Clause (2) and Clause (3) of Regulation 11A of the Principal Regulations shall be substituted as under:**

- “(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) of 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 sub-clause (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.\*
- (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:*
- 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.*
- (3) 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:*
- 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:*
- 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.”*



# Comments:

1. The deadline for submission of land document has been revised from 180 days of issuance of final grant of connectivity to **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.**
2. Further, the deadline for submission of auditor's certificate after receiving final grant of connectivity has been revised from “within a period of 12 months from the date of issuance of final grant of connectivity” to **12 months prior to the SCOD.**
3. The deadline for financial closure has been shifted from
  - a) within a period of 12 months from the date of issuance of final grant of connectivity, if the start date of Connectivity is within 2 years from date of issuance of final grant of connectivity or
  - b) a period equivalent to 50% time period between issue of final grant of Connectivity and start date of Connectivity, if the start date of Connectivity is more than 2 years from date of issuance of final grant of connectivity:
  - c) to latest by **12 months prior to the scheduled date of commercial operation** of such applicant:

## Comments:

1. Once the final grant of connectivity has been granted, the ISTS sub station and associated line work will be awarded and be completed within 18-24 months. However, if the applicants fails to acquire the land and start the generation project till 12 month prior to SCOD, the transmission system would remain idle.
2. This will also lead to creation of redundant transmission capacities due to the fact that the planners are facilitated to plan the transmission schemes without firm generation capacities and identified beneficiaries. Hence, this amendment shall be dropped.

## Proposed Amendment:

8.2. A new Clause, namely Clause (5), shall be added after Clause (4) of Regulation 11A of the Principal Regulations as under:

*“(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 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:*

*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:*

*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.”*



## Comments:

- ▶ If the connectivity grantee is permitted to convert the connectivity in full or part prior to COD, it will have huge financial implication due to creation of associated transmission system which will become redundant.
- ▶ The entire capital investment made on the transmission system will put into the pool and the discoms will be burdened with the unwarranted financial liability.
- ▶ This will relieve the generators from the responsibility of payment of transmission charges for the mismatch / change in the connectivity

# *Conclusion*

Hence, TANGEDCO requests the Hon'ble Commission to withdraw the following modifications in the draft Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) (Second Amendment) Regulations, 2024 in the interest of larger public and render justice.

- ✓ *Amendment to Regulation 5.8 of the Principal Regulations*
- ✓ *Amendment to Regulation 11A of the Principal Regulations Clause (1), Clause (2) and Clause (3) of Regulation 11A of the Principal*
- ✓ *A new Clause, namely Clause (5), shall be added after Clause (4) of Regulation 11A of the Principal Regulations as under*

*Also, TANGEDCO requests the Hon'ble Commission to revisit the definition of "ATS" under the principal regulations.*

*Thank You*