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Sent: Tue, 17 Sep 2024 17:38:11 +0530 (IST)
Subject: GNA Draft 3rd Amendment - Comments

Dear Ma'am,

Please find attached the comments on Draft Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) (Third Amendment) Regulations, 2024 on behalf of Essar Renewables Limited.

Thanks

Thanks & Regards,

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Sr. No.	Regulation	Proposed Changes	Comments and Rationale
1	<p>Amendment proposed in Clause 3.7 by addition of sub-clause 3.7.1</p> <p><i>3.7.1 If any application for grant of Connectivity or grant of GNA is withdrawn before the in-principle grant of Connectivity in terms of Regulation 7 of these regulations or grant of GNA in terms of Regulation 22 of these regulations, the Nodal Agency shall deal with such cases in the following manner:</i></p> <p><i>(a) 50% of the application fee shall be forfeited.</i></p> <p><i>(b) Balance 50% of the application fee, BG submitted in terms of Clause (vii)(c) or Clause (xi)(c) of Regulation 5.8 of these regulations, as the case may be, shall be refunded by the Nodal Agency to the Applicant within 15 days of withdrawal of the application</i></p>	<p><i>3.7.1 If any application for grant of Connectivity or grant of GNA is withdrawn before the in-principle grant of Connectivity in terms of Regulation 7 of these regulations or grant of GNA in terms of Regulation 22 of these regulations, the Nodal Agency shall deal with such cases in the following manner:</i></p> <p><i>(a) 50% of the application fee shall be forfeited.</i></p> <p><i>(b) Balance 50% of the application fee, BG submitted in terms of Clause (vii)(c) or Clause (xi)(c) of Regulation 5.8 of these regulations, as the case may be, shall be refunded by the Nodal Agency to the Applicant within 15 days of withdrawal of the application</i></p> <p><i>(c) For applicants covered under Clause (vii)(b) or Clause (xi)(b) of Regulation 5.8 of these regulations, the Nodal Agency shall release the submitted land documents within 15 days of withdrawal of the application, which can then be used to apply for another Connectivity</i></p>	<p>The clause is added to maintain a consistent approach and remove the uncertainty in case of return of the land documents.</p>
2	<p>Amendment proposed in Clause 11A (4)</p> <p><i>“(4) An entity, which has applied for Connectivity under Clause (xi)(b) or Clause (xi)(c) of Regulation 5.8 and has been issued final grant of Connectivity, is issued LOA or enters into a PPA, as eligible under Clause (xi)(a) of the Regulation 5.8, either for part capacity or full capacity, may apply to CTU for conversion of its Connectivity under</i></p>	<p><i>“(4) An entity, which has applied for Connectivity under Clause (xi)(b) or Clause (xi)(c) of Regulation 5.8 and has been issued in-principle Grant of Connectivity, is issued LOA or enters into a PPA, as eligible under Clause (xi)(a) of the Regulation 5.8, either for part capacity or full capacity, may apply to CTU for conversion of its Connectivity under Clause (xi)(b)</i></p>	<p>As the final grant of connectivity might get delayed due to reasons beyond the control of the applicant, it is requested to permit the conversion from Land BG / Land route to LoA route after the in-principle grant of connectivity.</p>

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	<p><i>Clause (xi)(b) or Clause (xi)(c) of the Regulation 5.8 to Clause (xi)(a) of the Regulation 5.8, subject following:</i></p>	<p><i>or Clause (xi)(c) of the Regulation 5.8 to Clause (xi)(a) of the Regulation 5.8, subject following:</i></p>	
3	<p>Proposed New Regulation 11C (1)(b)</p> <p><i>(b) An entity that has been issued a final grant of Connectivity at an ISTS substation located in the Complex of ISTS substations may seek reallocation of its Connectivity for another ISTS substation within the same ISTS complex where a bay has fallen vacant. Such reallocation shall be subject to commercial liabilities as per the Sharing Regulations 2020:</i></p> <p>As well as Proposed New regulation 11C(1)(c)(ii)</p> <p><i>ii. Applicants who have been issued a final grant of Connectivity in terms of these Regulations, as per the date and time stamp of the application made under these regulations.</i></p>	<p><i>(b) An entity that has been issued in-principle grant of Connectivity or a final grant of Connectivity at an ISTS substation located in the Complex of ISTS substations may seek reallocation of its Connectivity for another ISTS substation within the same ISTS complex where a bay has fallen vacant. Such reallocation shall be subject to commercial liabilities as per the Sharing Regulations 2020:</i></p> <p><i>ii. Applicants who have been issued in-principle grant of Connectivity or a final grant of Connectivity in terms of these Regulations, as per the date and time stamp of the application made under these regulations.</i></p>	<p>As the final grant of connectivity might get delayed due to reasons beyond the control of the applicant, it is requested to permit the re-allocation of connectivity for another substation within the same ISTS complex.</p> <p>Uncertainty in the finalisation of the connectivity substation due to delay in grant of connectivity would also hinder the progress of the project development.</p> <p>Further, the clause also acknowledges that reallocation is permitted up to 18 months from the in-principle grant of connectivity. Thus it would be relevant to link the permission of re-allocation of connectivity to in-principle grant of connectivity as well.</p>
4	<p><i>15.1 A Connectivity grantee shall not transfer, assign or pledge its Connectivity and the associated rights and obligations, either in full or in parts, to any person except as provided under Regulations 15.2 and 15.3 of these regulations.,</i></p> <p><i>Provided that Connectivity granted to a parent company may be utilised by its subsidiary companies and Connectivity granted to a subsidiary may be utilised by its parent company.</i></p>	<p><i>A Connectivity grantee shall not transfer, assign or pledge its Connectivity and the associated rights and obligations, either in full or in parts, to any person except as provided under Regulations 15.2 and 15.3 of these regulations.,</i></p> <p><i>Provided that Connectivity granted to a parent company may be utilised by its subsidiary companies and Connectivity granted to a subsidiary may be utilised by its parent company</i></p>	<p>Clause 15.1 currently permits connectivity exclusively between parent and subsidiary companies, while Clause 15.3 already provides for transfers among subsidiaries and affiliates. To ensure consistency and coherence across the regulations, it would be beneficial to extend Clause 15.1 to also encompass affiliate companies. This adjustment would harmonize the connectivity utilization rules and facilitate more seamless integration within corporate structures.</p>

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	<p>“Provided further that where a bulk consumer has been granted GNA under Regulation 17.1(iii), GNA granted to such Bulk consumer may be utilized in part or full by its subsidiaries or vice versa, if such bulk consumer and its subsidiaries are connected at the same connection point of ISTS.”</p>	<p><i>Provided further that where a bulk consumer has been granted GNA under Regulation 17.1(iii), GNA granted to such Bulk consumer may be utilized in part or full by its subsidiaries or vice versa, if such bulk consumer and its subsidiaries are connected at the same connection point of ISTS.”</i></p> <p><i>Provided further that where a bulk consumer has been granted GNA under Regulation 17.1(iii), GNA granted to such Bulk consumer may be utilized in part or full by its subsidiaries or vice versa, if such bulk consumer and its subsidiaries are connected at the same connection point of ISTS.”</i></p>	
5	<p>Additional provisions proposed under Regulation 26.2</p> <p>“Provided that the entity covered under clause (ii) of Regulation 26.1(a) may seek T-GNA maximum up to 30% of the GNA granted.”</p>	<p><i>Provided that the entity covered under clause (ii) of Regulation 26.1(a) may seek T-GNA maximum up to 30% of the GNA granted.</i></p> <p><i>Provided that there should not be any restriction in availing T-GNA, till the time of operationalisation of GNA.</i></p>	<p>Bulk Consumers are permitted to take T-GNA under section 26.1(a) of the GNA regulations. However, a 30% restriction could negatively affect their open access draw if GNA is not operational. Therefore, no restriction on the quantum of T-GNA should be applied until GNA is operationalized.</p> <p>Further, in view of continuous power requirement, it is requested that Green Hydrogen bulk consumer category may be exempted from the clause.</p>
6	<p>Sub-clause (a) to the Clause (xi) of Regulation 5.8 of the Principal Regulations shall be substituted as under:</p> <p>“(a) Letter of Award (LOA) by, or Power Purchase Agreement (PPA) entered into with, a Renewable Energy Implementing Agency or a distribution licensee or an authorized agency on behalf of distribution licensee, LOA issued by a Central Government approved third party which is acting as an authorized representative of a generating station other than REGS replacing its scheduled generation by power supplied from REGS, consequent to tariff based</p>		<p>This is to mention that the mentioned amendment is detrimental and inconsistent for the application of connectivity process.</p> <p>Allowing such a partial conversion could result in a scenario where a single Connectivity grant involves two separate routes and distinct milestones. This could complicate the implementation of various regulatory requirements related to compliance.</p> <p><u>Rationale -1 (Intermittent Nature of RE and complex Tender conditions)</u></p> <p>This is to mention that discoms through REIAs are moving away from procuring RE power under plain vanilla solar and wind tenders. FDRE tenders are in vogue which is an ideal tender design that can</p>

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	<p>competitive bidding, as the case may be: Provided that:</p> <p>(i) In case of REGS other than RHGS and RHGS located in a single place, for an application based on such LOA or PPA, an applicant shall be eligible to apply for Connectivity up to the installed capacity provided in the LOA or PPA. The connectivity under clause (a) of this Regulation shall be limited to the LOA or PPA quantum. For balance capacity, if any, the applicant shall be eligible to seek additional Connectivity based on sub-clauses (b) to (c) of this Clause;</p> <p>(ii) In case of Applicant being multi-located REGS, where LOA or PPA provides location and installed capacity at each location, the applicant shall be eligible to seek the Connectivity up to the Installed capacity at each location provided in the LOA or PPA. In case the installed capacity is higher than the LOA or PPA quantum, the connectivity under clause (a) of this Regulation at each location shall be limited to the LOA or PPA quantum. For balance capacity, if any, the applicant shall be eligible to seek additional Connectivity based on sub-clauses (b) or (c) of this Clause.”</p>		<p>be modelled according to the offtaker demand profile. FDRE tenders also provide strict annual and peak hour requirements.</p> <p>Due to intermittent nature and lower CUFs of Renewable power, the installed capacity of renewable power plants is to be oversized along with the installation of suitable energy storage system to meet the specific FDRE tender requirements. The oversizing of renewable power plants depends upon the tender conditions, chosen site locations and their renewable energy potential.</p> <p>Similar case studies are also presented by CEA in their report - Techno-Economic Analysis of Renewable Energy Round the Clock (RE-RTC) Supply for Achieving India's 500 GW Non-Fossil Fuel Based Capacity Target by 2030.</p> <p>A more common FDRE Tender CUF condition – Annual requirement of atleast 40% and 4 Hours peak requirement of atleast 90% requires -</p> <p>Installed capacity & oversizing of Hybrid RE by almost 200% of the LoA contracted capacity at a single location and 120% at multi-location.</p> <p><u>Rationale - 2 (Creation of Multiple Routes under single connectivity project)</u></p> <p>The draft regulation stipulates that connectivity applications are restricted to the quantum specified in the Letter of Approval (LoA) rather than the installed capacity. Any capacity exceeding the LoA quantum must be applied for through the Land BG / Land route.</p> <p>This provision could result in a situation where a single Connectivity grant involves two different routes and milestones, complicating the implementation of various regulatory provisions related to compliance.</p> <p>For example, Clause 11A(2) allows for an extension of up to 12 months for achieving financial closure if the Scheduled Commercial</p>

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			<p>Operation Date (SCOD) is extended by the Renewable Energy Implementing Agency (REIA) for connectivity granted under the LoA route. However, no similar extension provision is available for connectivity granted under the Land BG / LoA route.</p> <p>11A- Clause(1) of the regulations provide for submission of documents of land for application under Land BG/Land route 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 as against the compliance procedure under the LoA route.</p> <p><u>Rationale -3 (Submission of BGs)</u></p> <p>This is to mention that that renewable energy developers are already required to submit a significant amount of Performance Bank Guarantees (PBGs) under the tender conditions, which are based on the installed capacity of the project rather than the contracted capacity in the FDRE / RTC tenders. Therefore, the imposition of an additional connectivity bank guarantee of ₹10 lakh per MW would place a substantial financial burden on the renewable energy developers.</p> <p>Thus it is requested to relax the draft provision for seeking connectivity over and above the LoA contracted capacity quantum through Land BG / Land route both at Single & Multi location.</p>