



Saurya Urja Company of Rajasthan Limited

(A JV Company of Govt. of Rajasthan and IL&FS Energy)

An ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 Certified Company

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September 17, 2024

To,

Central Electricity Regulatory Commission,
6th, 7th & 8th Floors, Tower B, World Trade Centre,
Nauroji Nagar, New Delhi- 110029

Subject : *Submission of comments/suggestions on Draft Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) (Third Amendment) Regulations, 2024.*

Reference: 1) CERC Public Notice No. L-1/261/2021/CERC Dated: 31.07.2024
2) CERC Public Notice No. L-1/261/2021/CERC Dated: 30.08.2024

Dear Sir,

Saurya Urja Company of Rajasthan Limited (SUCRL), a 50:50 Joint Venture Company of Government of Rajasthan (GoR) and IL & FS Energy Development Co Ltd (IEDCL) was incorporated on April 07, 2015 with a mandate to develop 5000 MW of solar parks in the state of Rajasthan. SUCRL commissioned its first 1000 MW solar park at Bhadla, Jodhpur and is in process for developing 700 MW Solar Park in Bikaner.

SUCRL decided to develop 400MW capacity in Phase –I out of 700MW in the Bikaner District and obtained In-principle Grant of connectivity at Bikaner V ISTS Sub-station with start date of Dec 31, 2029 under Land BG route. Presently, SUCRL has submitted Connection BGs and is awaiting for the Final Grant of Connectivity, expected in October 2024. Further, SUCRL must complete the Land Acquisition Process within 12 Months, as current CERC Connectivity & GNA Regulation 2022 (Considering 2nd Amendment) mandates that entities to submit proof of land acquisition documents within **12 months of receiving the final grant of connectivity.**

In response to Hon'ble Commission's invitation to submit comments on the **Draft Third Amendment to the Connectivity and General Network Access (GNA) Regulations, 2024**, SUCRL would like to take this opportunity to provide its observation along with request to amend the timeline for Land Document Submission considering Start date of connectivity instead of final grant apart from few other concerns detailed below:




1. Current Timeline Imposes Unnecessary Financial Burden

SUCRL may be granted final connectivity in October 2024, but the effective date of connectivity is already decided to be December 31, 2029. According to the current regulation, SUCRL would be required to acquire land by October 2025. However, actual project development, including equipment procurement, construction, and testing, may not commence until around **December 2027**.

- **Avoidable expenses for Land acquisition:** Acquiring land so much in advance would lead to **incurrence of land acquisition expenses for an unused period** for the project developer, as they would be forced to hold and maintain the land without initiating any actual project work for over **two years**. This creates unnecessary financial burden in the form of lease rentals, land maintenance costs, or opportunity costs of locking in capital for land acquisition too early in the project cycle. These increased costs would impact generation costs, which will eventually burden the **end consumers**.

Proposed Change: Extend Land Submission Deadline

We propose that the land document submission deadline be extended from **12 months after final grant** to **24 months prior to the effective connectivity date**. This revision would:

- Align the land acquisition process with the **actual project timeline**, reducing idle costs.
- Ensure that developers are not burdened with holding land for a long time before their readiness to begin construction.
- Allow flexibility for developers for better planning of their project financing, construction schedules, and other critical activities without the pressure of early land acquisition.

3. Increase in Project Development Cost & Impact on Tariff

The regulation's requirement for early land acquisition directly impacts project cost, which in turn affects generation cost and consumer tariff. Higher project development costs caused by early land acquisition would result in:

- **Increased Tariffs:** As project developers incur higher upfront costs, this will inevitably reflect in the levelized cost of energy (LCOE) and result in increased tariffs for Utilities procuring renewable energy. With the growing push for renewable energy, higher tariffs could deter Utilities, slowing down the adoption of clean energy.

- **Burden on End Consumers:** Ultimately, these additional costs are passed down to retail consumers. This is contrary to the national objectives of reducing energy costs while increasing renewable energy penetration.

Proposed Change: Flexibility in Connectivity Timeline

We propose that the land submission timeline be **dynamic and flexible**, adjusting to any changes in the connectivity start date. Specifically:

- If the connectivity date is delayed due to regulatory, logistical, or force majeure reasons, the land acquisition timeline should also be extended accordingly. For example, if the effective connectivity date is delayed by 6 months, the land acquisition submission deadline should also be extended by 6 months.
- This approach provides developers with flexibility and certainty without imposing unnecessary financial burdens, helping control project development costs.

4. Dynamic Connectivity Timeline – Additional Safeguards

The **dynamic nature of renewable projects** means that unforeseen delays (e.g., delays in grid infrastructure, regulatory approvals, etc.) often impact the effective connectivity date. However, the regulation as drafted does not account for such delays.

Proposed Addition: Clause for Connectivity Date Flexibility

We propose the following addition to the regulation:

- If the effective date of connectivity is altered due to reasons beyond the developer's control (e.g., grid readiness, regulatory changes, delays in approvals), the land acquisition submission deadline should be deemed revised based on the new connectivity date.
- This provision will ensure that developers are not penalized for delays caused by factors outside their control, and will help in maintaining a **balanced risk-sharing** mechanism between developers and regulatory bodies.

5. Alignment with National Renewable Energy Targets

The current timeline for land acquisition submission might act as a deterrent for new entrants in the renewable energy sector. Given the Government of India's ambitious renewable energy targets (500 GW by 2030), it is critical

that regulations facilitate, and not impede the smooth development of renewable energy projects.

Proposed Change: Streamlined Land Acquisition Process

To align with the national renewable energy targets, we suggest:

- **Streamlining the land acquisition submission process** by allowing partial proof of land acquisition for 50% of the required land, with the remaining 50% to be submitted 12 months before the effective connectivity date.
- This phased approach would reduce financial pressure on developers while ensuring that the necessary land is available for project development well in advance of construction.

6. Timeline Discrepancy in Regulation 11A(2) and Regulation 11B(2)

To understand the Discrepancy, following clauses summary shall be reviewed

- (I) **Clause Reference: Regulation 5.8 (vii)(a) & (c), Regulation 11A(1), Regulation 11B (1), these regulations clauses collectively ensure accountability and timeliness in land acquisition for ISTS connectivity projects. Details as under**

Regulation 5.8 (vii)(a) & (c) refers to the documentation requirements for Renewable Power Park Developers seeking connectivity to the inter-State Transmission System (ISTS). Under **Regulation 5.8 (vii)(a)**, the developer must provide authorization from the Central or State Government to undertake infrastructure activities, including arranging connectivity for solar generators. **Regulation 5.8 (vii)(c)** allows developers to submit a Bank Guarantee (BG) of ₹10 lakh/MW instead of providing proof of ownership or lease rights for 50% of the land required for the project, ensuring that financial security against Land Requirement.

Regulation 11A(1) mandates that applicants (Renewable Energy Generating Stations or Renewable Power Park Developers) must submit land documents as proof of ownership, lease rights, or land use rights within 12 months of receiving the final grant of connectivity or within 18 months of the in-principle grant, whichever is earlier. Failure to submit these documents results in the encashment of the BG as outlined in Regulation 5.8(vii)(c).

Regulation 11B(1) outlines the consequences of non-compliance with Regulation 11A(1). If the applicant fails to submit the required land documents within the stipulated timeline, the connectivity granted is revoked,

and the Bank Guarantee of ₹10 lakh/MW submitted in lieu of land acquisition is encashed. Additionally, other performance bank guarantees (Conn-BG1, Conn-BG2, Conn-BG3) are treated under the terms of the regulations for revoking connectivity.

(II) Clause Reference: Regulation 11A(2), Regulation 11B (2), these regulations ensure that projects are adequately financed and prepared for implementation, while also introducing financial accountability to deter non-compliant or delayed projects.

Regulation 11A(2) mandates that an applicant (such as a Renewable Energy Generating Station or Renewable Power Park Developer) must achieve **financial closure** for their project **at least six months before the scheduled commercial operation date (SCOD)** or the **start date of connectivity**, whichever is later. The applicant is required to submit proof of financial closure, which could be a loan sanction letter or a board resolution (if fully funded internally), to the Central Transmission Utility (CTU) within 15 days of achieving this milestone. This regulation ensures that projects are financially secure and ready to move forward, providing confidence that they can meet their commercial operation timelines.

Regulation 11B(2) outlines the penalties for failing to meet the financial closure requirements. If the applicant is unable to secure financial closure within the specified time or fails to provide the required documentation, the connectivity granted is **revoked**. In such cases, the **Bank Guarantees (BGs)**, such as **Conn-BG1, Conn-BG2, and Conn-BG3**, submitted during the application process are **encashed**. This regulation serves as a safeguard, ensuring that only financially viable projects progress, thereby protecting the interests of the grid and preventing the allocation of transmission capacity to underfunded or speculative projects.

Discrepancy:

As per **Regulation 11A(2)**, the timeline for achieving **financial closure** is mandated to be at least **six months before the scheduled commercial operation date (SCOD)** or the start date of connectivity, ensuring that financial arrangements are completed closer to the project's execution phase. However, the same alignment is not reflected in the timelines for **land acquisition** under the same regulations. Specifically, **Regulation 11A(2)** and **Regulation 11B(2)** for land acquisition impose a stricter timeline, requiring proof of land acquisition within **12 months from the final grant** and **18 months from the in-principle grant** of connectivity.



Handwritten signature and official stamp of Saurya Urja Company of Rajasthan Limited, Jaipur.

This creates a **discrepancy** between the financial closure timeline and the land acquisition timeline. The financial closure deadline, which is only six months prior to SCOD, is relatively late compared to the land acquisition requirement. The regulation's current structure forces developers to secure land long before they are even required to complete financial closure, leading to unnecessary financial strain.

Recommendations

We strongly recommend that the timelines for land acquisition under **Regulation 11A(2)** and **Regulation 11B(2)** be **revised to 18-24 months before the SCOD**, rather than being tied to final or in-principle grants. This adjustment would create a **more cohesive and practical project timeline**, allowing developers to align land acquisition and financial closure phases with the actual project development timeline. Such an amendment would ensure consistency in the regulation, avoid undue financial burden on developers, and better support the project execution process.



Final Suggestions

The current 12-month timeline for submitting proof of land acquisition after the final connectivity grant imposes unnecessary financial burdens, increases project development costs, and potentially raises tariffs for end consumers. To address these concerns, we propose the following changes:

1. **Extend the submission deadline to 18-24 months prior to the effective connectivity date.**
2. **Incorporate flexibility to adjust land acquisition timelines based on changes to the connectivity start date.**
3. **Allow phased land acquisition submission**, to ease financial burdens on developers.

We kindly request to consider our suggestions for the Third Amendment to the GNA Regulations, as we believe they will contribute to a more balanced and effective regulatory framework.

Yours sincerely,



Bibhudutta Biswal
Chief Executive Officer