

**TAMIL NADU GENERATION AND DISTRIBUTION CORPORATION LTD**

From

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To

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

Lr. No. CFC/RC/SE/CERC/EE/ F. CERC /D 83 /24 dt: 19.09.2024

Sir,

Sub: CERC – Draft CERC (Connectivity and General Network Access to the inter-State Transmission System) (Third Amendment) Regulations, 2024- Submission of comments and views of TANGEDCO – Regarding.

Ref: (i)CERC's notification No. L-1/261/ 2021/ CERC dated: 31st July 2024  
(ii)CERC's notification No. L-1/261/2021/CERC Dated: 30th August 2024

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Adverting to the above references, the comments and views of TANGEDCO on the proposed amendment to the GNA Regulations are furnished below:

1. Since the transmission system planning for RE generation projects has been delinked from the generation planning, there is huge regulatory uncertainty and possibility of creation of stranded transmission system due to non materialization of the generation projects and non identification of end beneficiaries.
2. As the extant regulations provide waiver of transmission charges to both RE developer and the RE buying entities and socializes the entire investment cost and the tariff, which has led to huge additional tariff burden to Discoms like TANGEDCO having high GNA for drawing conventional power.
3. In this context, it is submitted that the Regulations should be made stringent so that the developers who are serious in the business will be taking part in the capacity building process.
4. The proposed amendments to Regulation 24 and 25 are critically important in terms of causing huge tariff and regulatory implications. Since the definition for ATS had already been modified to exclude the major part of the transmission system, the liability of the RE developers has been totally diluted. Hence, it is essential to modify the proposed Regulation 24.3A to impose relinquishment charges in addition to encashment of BG or enhance the BG amount to compensate the stranded capacity created on account of such relinquishment.


5. The proposed amendment to Regulation 25.1 is intended to relieve the bulk consumers under clause (iii) of Regulation 17.2 from the liability of relinquishment charges even at advance stage of implementation of the transmission system.
6. Granting relaxation to a particular category of the GNA grantee from payment of relinquishment charges and showing undue preference at the cost of public exchequer is against the mandates of Electricity Act under Sec 61 and 62.
7. Further, providing open access to consumer under the category of bulk consumer directly by CTUIL is in gross violation of the provisions of Act. This will cause irreparable loss to the Distribution companies and the very purpose of the provisions under 38 (2)(d) and 42(2) will be defeated.
8. Further, considering the huge capacity addition of green hydrogen / green ammonia projects and the capital investment to be infused in transmission sector will become jeopardized if such undue relaxations are given through the regulations.
9. In view of protecting the larger consumer interest and avoid creation of stranded transmission assets, the privilege proposed to be given to a particular category of GNA grantee shall be withdrawn and the proposed amendment may be dropped.  
(25.1 of 3<sup>rd</sup> Amendment )

The detailed comments and suggestions of TANGEDCO in this context are submitted in the annexure enclosed. It is requested that the observations /comments and suggestions of TANGEDCO may kindly be taken into consideration while finalizing the Regulations.

Thanking you,

Encl.: As above

Yours faithfully,

  
Chief Financial Controller /  
Regulatory Cell

## Annexure

### Comments of TANGEDCO on the draft Third Amendment to Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State transmission System) Regulations, 2024 :

S.NO	Draft 3rd Amendment	TANGEDCO COMMENTS
1	<p>3.7.4 If any application is withdrawn after the final grant of Connectivity and before the signing of the Connectivity Agreement, the Nodal Agency shall deal with such cases in the following manner:</p> <p>(a) 100% of the application fee shall be forfeited;</p> <p>(b) 25% of the 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 forfeited and balance 75% of BG shall be returned to the Applicant within 15 days of withdrawal of the application.</p> <p>(c) Conn BG1, Conn-BG2 shall be encashed and Conn-BG3 shall be returned to the Applicant:</p> <p>Provided that where ATS or terminal bays have not been awarded for implementation as on the date of withdrawal, Conn-BG2 shall be returned to the Applicant within 15 days of such withdrawal of the application.</p> <p>(d) Application shall be closed within a period of 15 days from the date of withdrawal under intimation to the Applicant;</p>	<p>1.A huge investment is made based on the grant of connectivity to the applicants, so the encashed BG amount might provide sufficient financial security for the costs incurred.</p> <p>2.Already, the Hon'ble CERC has modified the definition of Associated Transmission (ATS) which has 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.</p> <p>3.Hence, it is suggested that for the applicants with Land BG route, 50% BG shall be encashed instead of 25% and para 3.7.4 (b) shall be modified as follows:</p> <p>(b) 50% of the 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 forfeited and balance 50% of BG shall be returned to the Applicant within 15 days of withdrawal of the application.</p>

2	<p><b>A new Regulation 9.3 shall be inserted below Regulation 9.2 of the Principal Regulations as under:</b></p> <p>"9.3 The Applicants who have been issued an in-principle grant of Connectivity or final grant of Connectivity to ISTS, for the generation projects based on particular renewable energy source(s) (with or without ESS) may, for the same connectivity quantum, change to another renewable energy source(s) (with or without ESS) or ESS in part or full, by making an application to the Nodal Agency for approval for such change within 18 months from the in-principle grant of Connectivity. The Nodal Agency may carry out system studies, as required, and approve or reject the change in energy source within 30 days of application by the Applicant. On approval of such change of renewable source(s), the entity shall submit the technical data for changed renewable energy source(s), and CTU shall incorporate the necessary change in connectivity agreement, if already signed."</p>	<ol style="list-style-type: none"> <li>1.If many applicants change to another RE source in the same ISTS station, the ATS that was originally planned may become redundant.</li> <li>2.Already in most of the ISTS substations, the ICTs planned will be in under loaded condition only due to N-1 criteria. The capacity factor considered for wind is less compared to solar.</li> <li>3.The nodal Agency should consider this when giving approval for such change in energy source.</li> <li>4.The amendment may also include the following provision: "CTUIL shall reassess the adequacy / surplus transmission capacity duly considering the change in the RE source"</li> </ol>
3	<p><b>Regulation 10.5 of the Principal Regulations shall be substituted as under:</b></p> <p>"10.5 Where Connectivity is granted at a proposed ISTS sub-station, the Nodal Agency shall confirm the final coordinates within 2 months of award of contract for construction of such ISTS substation."</p> <p><b>Regulation 10.6 of the Principal Regulations shall be substituted as under:</b></p> <p>"10.6 In case of failure to sign the Connectivity Agreement by the entity that has been intimated final grant of Connectivity, as required under Regulation 10.3, the Nodal Agency may extend the time for signing the Connectivity Agreement for a maximum period of 30 days, failing which the final grant of Connectivity shall be revoked by the Nodal Agency under intimation to the Applicant and the Conn BG1, Conn-BG2, Conn-BG3 and BG submitted in terms of</p>	<p>10.5 The existing Regulation mandates to keep the location (coordinates) of ISTS pooling station within 5km radius of the tentative location already intimated. This will have a check on the prudent planning practices. If this distance criterion is relaxed or removed, then it may lead to huge deviations in the location of the ISTS pooling stations and the associated cost. Hence, it is requested to keep the distance criteria as per the existing Regulations.</p> <p>10.6. Con BG1, BG2 Con BG3 and 50% of land BG instead of 25% shall also be encashed by nodal agency. – same comment as mentioned in revised Regulation 3.7.4</p>

	<p>Clause (vii)(c) or Clause (xi)(c) of Regulation 5.8 of these regulations shall be treated in terms of Regulation 3.7.4 of these regulations.”</p> <p><b>Amendment to Regulation 10.8 of the Principal Regulations:</b> The word “and terminal bay(s)” shall be after the words “elements in the ATS” in Regulation 10.8 of the Principal Regulations.</p>	
4	<p><b>.New Regulation 11.3 (a) and Regulation 11.3 (b) shall be inserted after Regulation 11.3 of the Principal Regulations as under:</b></p> <p>11.3a The Nodal Agency shall monitor the fulfilment of conditions under Regulation 11A by the entities that have been issued an in-principle or final grant of connectivity as per the format enclosed in Annexure-III of these Regulations. The Nodal Agency shall publish the details of the compliances as per Annexure-III of these regulations on the website of the Nodal Agency.</p> <p>11.3b Respective RLDCs shall monitor the utilization of the connectivity quantum by a connectivity grantee, and NLDC shall submit a consolidated report on the utilization pattern of the Connectivity by the Connectivity grantee to the Commission after one year of commissioning of the project by such entity.</p>	<p>It is suggested that the Nodal Agency shall publish the consolidated list of ISTS substation wise connectivity/GNA granted with estimated cost details, scope of Transmission scheme and mode of implementation in their website in addition to status and list of applications granted. Hence, the provision may be introduced in the amendment</p> <p>11.3b. It is a welcome move. - feedback to planners and all DICs to avoid planning of redundant transmission scheme.</p>

5

**New Regulation 24.3A.**  
**A new Regulation, namely, Regulation 24.3A, shall be added after Regulation 24.3 of the Principal Regulations as under:**

"24.3A For Connectivity Grantees covered under sub-clause (c) of Clause (vii) or sub-clause (c) of Clause (xi) of Regulation 5.8 of these regulations:

- (a) In case full or part of Connectivity is relinquished **within six months of the final grant of Connectivity, 50%** of the subsisting Bank Guarantee submitted under sub-clause (c) of Clause (vii) or sub-clause (c) of Clause (xi) of Regulation 5.8 of these regulations, corresponding to relinquished quantum shall be encashed, and the balance shall be returned;
- (b) If the Connectivity is relinquished **after six months of the final grant of Connectivity, 100%** of the subsisting Bank Guarantee submitted under sub clause (c) of Clause (vii) or sub-clause (c) of Clause (xi) of Regulation 5.8 of these regulations, shall be encashed."

**1. Treatment of Land BG in case of relinquishment of Connectivity:**

For the applicants covered under Land BG route, the risk for the abandonment of the projects is more. Hence, the Con BG1 &BG2 specified in the regulation 24.3 for relinquishment might not provide sufficient financial security for the costs incurred due to the creation of associated transmission system and the common transmission system.

- 2. 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.
- 3.The definition of ATS has already relieved the Connectivity grantees from the liability of compensating the huge investment made for the common transmission system developed for the injection of power by the generators.

4.Hence for the applicants covered under Land BG route, **irrespective of the time period of relinquishment after final grant of Connectivity 100% of Land BG** shall be encashed and this regulation 24.3A shall be modified , as below:

**A new Regulation, namely, Regulation 24.3A, shall be added after Regulation 24.3 of the Principal Regulations as under:**  
**"24.3A For Connectivity Grantees covered under sub-clause (c) of Clause (vii) or sub-clause (c) of Clause (xi) of Regulation 5.8 of these regulations:**

**If the Connectivity is relinquished after the final grant of Connectivity, 100% of the subsisting Bank Guarantee submitted under sub clause (c) of Clause (vii) or sub-clause (c) of Clause (xi) of Regulation 5.8 of these regulations, shall be encashed, irrespective of the time line of relinquishment of the connectivity. In addition, Relinquishment charges shall be made applicable to the connectivity grantee inline with the GNA grantee detailed under Regulation 25.."**

6

**Amendment to Regulation 25.1 of the Principal Regulations:**  
**Second proviso to Clause (b) of Regulation 25.1 of the**

Clause (iii) of Regulation 17.1 relates to Distribution licensee or bulk consumers seeking to connect to ISTS, directly, with a load of 50 MW and above.

**Principal Regulations shall be substituted as under:**

"Provided further that for the entity covered under clause (iii) of Regulation 17.1 of these regulations, the notice period shall be six months, and if GNA is relinquished at least six months prior to the date of effectiveness of GNA, only Conn-BG1 and Conn-BG3 shall be encashed corresponding to the relinquished quantum as relinquishment charges."

- a) The proposed amendment is giving relaxation to a particular category of the GNA grantee from payment of relinquishment charges except the Conn BG amount.
- b) Electricity Act under Sec.61 mandates that the Hon'ble Central Commission shall be guided by the following:
- c) "(b) the generation, transmission, distribution and supply of electricity are conducted on commercial principles;
- d) (c) the factors which would encourage competition, efficiency, economical use of the resources, good performance and optimum investments;
- e) (d) safeguarding of consumers' interest and at the same time, recovery of the cost of electricity in a reasonable manner;
- f) Further, Sec.62 (3) of the Act mandates that the appropriate Commission shall not show any undue preference to any consumers.
- g) Relaxation of relinquishment charges to the bulk consumer just six months prior to effective date of GNA is arbitrary, unjust, and inequitable and against the objectives of the National Tariff Policy and the Electricity Act.
- h) Further, The Transmission systems are planned and augmented based on the Connectivity and GNA requirements of the generators as well as the GNA grantees defined under the Regulation 17.1. The implementation of the transmission system evolved based on connectivity granted to the generators as already been delinked from the materialization and coming into existence of the generation projects in particular, RE projects. This has already resulted in huge tariff implications on the distribution licensees and the GNA grantee.
- i) In this situation, the suggested amendment could result in accommodating bulk consumers who are not committed to initiating projects that align with the transmission projects. This could lead to the establishment of substantial unnecessary assets, which would be at the expense of public funds. To prevent this outcome, the regulation should be made more rigorous.

- j) Sec 38(2)(d) of the Electricity Act 2003 mandates that CTUIL may grant open access to any consumer subject to fulfilment of the mandates under Sec. 42(2). The Sec. 42(2) says that open access shall be allowed on payment of surcharge in addition to the charges for wheeling as may be determined by the Commission. Hence, CTUIL cannot grant GNA to any consumers bypassing the Distribution licensee. Hon'ble APTEL vide order dated 12.02.2024 in appeal No. 276 of 2015 held that any consumer cannot act as a distribution licensee and shall come under Sec.42 (2). Further, categorisation of any consumer into bulk consumer and granting special privileges is not permitted under law.
- k) In this regard, it is pertinent to bring it to the knowledge of the Hon'ble Commission that as per the Nation Green Hydrogen Mission notified by the Ministry of Power , an estimated capacity of 75000 MW of green hydrogen/ green ammonia projects are under pipeline and will be connected to the national grid under the category of bulk consumers. Already, Ministry of Power has proposed to waive the transmission charges of such category of consumers which would impose an additional tariff burden of Rs. 40,000 crores (based on the estimates as on 2030).
- l) In this context, TANGEDCO has flagged the issue to MoP vide letter dt:03.09.2024 and requested to withdraw the notification.
- m) The proposed amendment will lead to double blow to the distribution companies and the end consumers and fuel to the burning issue. Further it will create regulatory uncertainty in the India power sector.
- n) In view of protecting the larger consumer interest and avoid creation of stranded transmission assets, the privilege proposed to be given to a particular category of GNA grantee shall be withdrawn and the proposed amendment may be dropped. Instead, the relinquishment charges in such cases shall be twice that of the charges applicable to the distribution companies owned by public utilities.



7.

**36.New Regulation 34A:**

36.1. A new Regulation, namely, Regulation 34A, shall be added after Regulation 34.6 of the Principal Regulations as under:

"34A Operating charges for transactions under T-GNA

34A.1. Operating charges at the rate of Rs 1000 per day or part of the day for Advance T-GNA or Exigency T-GNA under bilateral transactions shall be payable by the applicant to the host Regional Load Despatch Centre.

34A.2. In case of collective transactions, NLDC operating charges shall be payable to the respective power exchange by each of the successful buyer and seller on the basis of their energy scheduled (MWh) by NLDC @ Rs 1/MWh subject to a maximum of Rs 200 per day. The NLDC operating charges collected by the power exchanges shall be transferred to NLDC on a daily basis. The Power Exchanges shall provide NLDC with a daily list of successful participants along with their volumes cleared and the NLDC operating charges levied on these successful participants.

Provided that under collective transactions, operating charges shall be payable for drawal schedules more than GNA quantum or T-GNA quantum or both, as applicable

Operating charges for transactions under T-GNA shall be exempted for DISCOMs.

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19/09/2024  
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