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Sent: Monday, November 11, 2024 8:45:32 PM
Subject: Tata Power Comments_ 4th Amend. Sharing Regulations

Dear Sir/Mam

Please find enclosed, comments on the 4th Amendment to the Sharing Regulations.

Regards,
Mohd Sarim Siddiqui
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Tata Power Comments- 4th Amendment to the CERC Sharing Regulations

S. No	Draft 4 th Amendment- Clause	Proposed changes	Rationale/ Comment								
1.	<p>Clause 2 (a); Sub-clause (a-i) in Clause (2) of Regulation 13 and Sub-clause (f) (i) in Clause (2) of Regulation 13</p> <p>2 (a) REGS or RHGS based on wind or solar sources which have declared commercial operation upto 30.6.2025 shall be considered for waiver of transmission charges for a period of 25 years from date of COD:</p> <p>“(a-i) Hydro PSP ESS, which has awarded the contract on or before 30.6.2025, shall be eligible for a waiver of transmission charges for a period of 25 years from the COD, subject to conditions as per sub-clause (c) of this Clause</p> <p>(c) ESS shall be considered for waiver of transmission charges, when such ESS is meeting atleast 51% of its annual electricity requirement for pumping of water with electricity generated from REGS or RHGS based on wind or solar sources.</p> <p>" f(i) REGS or RHGS based on wind or solar source or Battery ESS which is declared under commercial operation after 30.6.2025 or Hydro PSP ESS which has awarded the construction contract after 30.6.2025 shall be eligible for grant of waiver in the following manner:</p> <table border="1" data-bbox="304 1297 996 1369"> <thead> <tr> <th>Category</th> <th>i) Period of COD (for</th> <th>Number of</th> <th>% of drawl</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Category	i) Period of COD (for	Number of	% of drawl					<p>Clarity may please be provided and regulations be modified in line with the suggestions.</p>	<p>We have the following observation and subsequent suggestions for modification in Clause 13 (2):</p> <ul style="list-style-type: none"> • In a PSP scheme which is a grid energy storage plant, the drawee is entitled to waivers of transmission charges as per conditions laid down for PSPs, on the energy sourced from various sources including wind and solar sources, and routed through the PSP. • A combined reading of MoP notifications dated 23-11-2021; and 29-05-2023, in this regard and Clause 2 (a-i); Clause f(i) and Clause 2(c) of Regulation 13, provides a twin condition for energy drawn from PSP to be eligible for 100% ISTS charges waiver, as follows: <ul style="list-style-type: none"> ✓ PSP must have awarded the <u>construction work contract before 30th June 2025</u>, and ✓ PSP must meet <u>51% of its annual electricity requirement for pumping of water from REGS or RHGS based on wind or solar sources.</u>
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		REGS or RHGS based on wind or solar source and Battery ESS / (ii) Period of award of construction work (for hydro PSP ESS)	years from COD	Schedule from identified generating station or ESS, to be considered under Annexure-III		<p>In case both the above conditions are met, then as per the regulations, 100% ISTS charges waiver shall be applicable on the energy drawn by the beneficiary through the PSP.</p> <ul style="list-style-type: none"> • However, there is lack of clarity on how the above twin conditions translate to waivers in ISTS charges for drawees who draw 51% or more RE through PSPs. • Lets take an example- say a PSP has awarded the contract for construction work in March 2024 and it is scheduled to be commissioned in July 2028. A beneficiary has contracted to draw power through the above PSP from a RE generator, which gets commissioned in July 2028. Since this RE project is getting commissioned beyond 30th June 2028, it will not be eligible for ISTS charge waiver at all as per the RE waiver trajectory. Does this mean, that the drawee beneficiary will be imposed 100% ISTS charges in spite of the fact that the concerned PSP meets the twin conditions for 100% waiver of ISTS charges being drawn from it?
	REGS or RHGS based on wind or solar source or Hydro PSP ESS	1.7.2025 to 30.6.2026	25 years	75		
		1.7.2026 to 30.6.2027	25 years	50		
		1.7.2027 to 30.6.2028	25 years	25		
		After 30.6.2028	25 years	0		

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			<ul style="list-style-type: none"> • The above anomaly renders the twin conditions of PSP particularly the date of award of construction work immaterial. As the entire benefit of ISTS waiver will eventually be based on the COD of the RE project from where the PSP sources input power. Therefore, irrespective of whether the PSP awards the contract for construction work within the given deadline, the drawee will not benefit from ISTS charge waiver. • In view of the above anomaly, we suggest that for PSPs, the only condition for eligibility of waivers for energy drawn through/from it, should be the twin conditions mentioned above. The condition of COD of RE project should not be applicable to the RE energy being sold to beneficiaries through PSPs, otherwise PSP developers would be hugely dis-incentivized to award the construction period as per the trajectory indicated in both the MoP notifications and subsequent CERC draft notifications.

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2.	<p>Sub-clause (f) (ii) of Clause (2) of Regulation 13 of the Principal Regulations may be substituted as under: <i>(ii) New Hydro project where the award of construction work and signing of PPA takes place after 30.06.2025 shall be considered as follows:</i></p> <table border="1" data-bbox="304 459 1025 906"> <thead> <tr> <th data-bbox="304 459 546 663">Date of signing and Date of award of construction work</th> <th data-bbox="546 459 757 663">Number of years from COD</th> <th data-bbox="757 459 1025 663">% drawl schedule from hydro generating station, to be considered under Annexure-III</th> </tr> </thead> <tbody> <tr> <td data-bbox="304 663 546 730">1.7.2025 to 30.6.2026</td> <td data-bbox="546 663 757 906" rowspan="4">18 years</td> <td data-bbox="757 663 1025 730">75</td> </tr> <tr> <td data-bbox="304 730 546 798">1.7.2026 to 30.6.2027</td> <td data-bbox="757 730 1025 798">50</td> </tr> <tr> <td data-bbox="304 798 546 865">1.7.2027 to 30.6.2028</td> <td data-bbox="757 798 1025 865">25</td> </tr> <tr> <td data-bbox="304 865 546 906">After 30.6.2028</td> <td data-bbox="757 865 1025 906">0</td> </tr> </tbody> </table>	Date of signing and Date of award of construction work	Number of years from COD	% drawl schedule from hydro generating station, to be considered under Annexure-III	1.7.2025 to 30.6.2026	18 years	75	1.7.2026 to 30.6.2027	50	1.7.2027 to 30.6.2028	25	After 30.6.2028	0	<p><i>(ii) New Hydro project where the award of construction work and signing of PPA takes place after 30.06.2025 shall be considered as follows:</i></p> <table border="1" data-bbox="1057 561 1543 1177"> <thead> <tr> <th data-bbox="1057 561 1240 906">Date of signing and Date of award of construction work</th> <th data-bbox="1240 561 1375 906">Number of years from COD</th> <th data-bbox="1375 561 1543 906">% drawl schedule from hydro generating station, to be considered under Annexure-III</th> </tr> </thead> <tbody> <tr> <td data-bbox="1057 906 1240 970">1.7.2025 to 30.6.2026</td> <td data-bbox="1240 906 1375 1177" rowspan="4">18 years</td> <td data-bbox="1375 906 1543 970">75</td> </tr> <tr> <td data-bbox="1057 970 1240 1034">1.7.2026 to 30.6.2027</td> <td data-bbox="1375 970 1543 1034">50</td> </tr> <tr> <td data-bbox="1057 1034 1240 1098">1.7.2027 to 30.6.2028</td> <td data-bbox="1375 1034 1543 1098">25</td> </tr> <tr> <td data-bbox="1057 1098 1240 1177">After 30.6.2028</td> <td data-bbox="1375 1098 1543 1177">0</td> </tr> </tbody> </table> <p><i>Provided that the Hydro Projects of neighbouring countries exporting power to India for consumption in India shall be, subject to approval by Designated Authority, granted waiver</i></p>	Date of signing and Date of award of construction work	Number of years from COD	% drawl schedule from hydro generating station, to be considered under Annexure-III	1.7.2025 to 30.6.2026	18 years	75	1.7.2026 to 30.6.2027	50	1.7.2027 to 30.6.2028	25	After 30.6.2028	0	<ul style="list-style-type: none"> • Hydro Projects have a long gestation period of 4 to 5 years from the commencement of construction activity. Further, by nature of the technology and the risks/impediments involved, there are possibilities of time and cost overruns. ○ In view of the above, the Entities / Regulatory commission, based on assessment of project development, are signing / approving the contract for purchase of Hydro Power on Long term. Recently, Hon'ble PSERC has withheld PSPCL plea for approval of PPA executed with Ratle HEP, Rangit IV and Teesta VI projects on account of time & cost overrun. ○ In addition, developer enters into contract with the procurer on competitive bidding and in case of delay in COD, huge financial obligations are levied on the developers resulting in unwillingness of developers to tie up the capacity in early stage of construction. Hence, it is preferred to execute the contract once the
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		<p><i>in transmission charges as per table above</i></p>	<p>construction work has reached a certain level of advancement.</p> <ul style="list-style-type: none"> ○ In view of the above issues and in order to incentivize developers to invest in Hydro Project development, Hon'ble Commission is requested that the word "signing of PPA" may be deleted as criteria for ISTS transmission waiver. ● Further, The Regulation is silent on providing similar ISTS waiver to cross border hydro projects. With the opening up of cross border market for private players and as per the geology (hydro potential of more than 50 GW), IPPs are in discussion with neighbouring countries for tying up the capacities with Cross Border Hydro Projects including PSP and the same is being encouraged by the GoI, in view of the dire necessity of increasing share of hydro in a RE rich grid in the India. ○ MoP vide its notification dated 20th October 2023 has also considered Cross Border Hydro Projects for meeting the Hydro Energy

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			<p>Component of the Obligated entities. The relevant extract of the said order is provided below:</p> <p>“Note 3” of the said notification specifies that:</p> <p><i>“The hydro renewable energy component shall be met only by energy produced from Hydro Power Projects [including Pump Storage Projects (PSPs) and Small Hydro Projects (SHPs)], commissioned after the 31st March, 2024:</i></p> <p><i>Provided further that the hydro renewable energy component may also <u>be met from Hydro Power Projects located outside India as approved by the Central Government on a case-to-case basis.</u>”</i></p> <ul style="list-style-type: none"> ○ In view of the above, Hon’ble commission is requested to consider the proposed amendment of providing similar waiver of ISTS charges to Cross Border Hydro Plants which are meeting the criteria as set out in above table.

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3.	<p>A new sub-clause (h) being inserted under Clause (2) of Regulation 13 as under:</p> <p><i>“2(h) Any REGS based on wind or solar source which is eligible for a waiver of inter-state transmission charges under Regulation 13(2) of these regulations and is having its scheduled date of commissioning on or before 30th June 2025 is granted extension of time to achieve COD by the competent authority in terms of the Power Purchase Agreements (where PPA has been entered into with, a Renewable Energy Implementing Agency or a distribution licensee or an authorized agency on behalf of distribution licensee, consequent to tariff based competitive bidding) or the Commission (for cases other than specified PPA, on an appropriate application made by the entity), on account of any Force Majeure event including non-availability of transmission or for reasons not attributable to the REGS, and the project achieves COD before the extended date, it shall be eligible for a waiver of inter-state transmission charges as if the said REGS had achieved COD on 30.6.2025:</i></p> <p><i>Provided that, for the purpose of this Clause, such extension shall not exceed a period of six months at a time and not more than two times.”</i></p>	<p>2 (h) <i>“Any REGS based on wind or solar source which has indicated its scheduled date of commissioning on or before 30th June 2025 in its application for connectivity to the CTUIL and such an application for connectivity has been made with a reasonable time for commissioning of the project before 30th June 2025, is granted extension of time to achieve COD by the competent authority in terms of the Power Purchase Agreements (where PPA has been entered into with, a Renewable Energy Implementing Agency or a distribution licensee or an authorized agency on behalf of distribution licensee, consequent to tariff based competitive bidding) or the Commission (for cases other than specified PPA, on an appropriate application made by the entity), on account of any Force Majeure event including non-availability of transmission or for reasons not attributable to the REGS, and the project achieves COD before the extended date, it shall be eligible for a waiver of inter-state transmission charges as if the said REGS had achieved COD on 30.6.2025:</i></p> <p><i>Provided that, for the purpose of this Clause, such extension shall not</i></p>	<ul style="list-style-type: none"> • The definition of eligible REGS for waiver of ISTS charges is not very clearly provided in the regulations. If we refer to the MoP notification dated 09.06.2023, 21.11.2021 & 30.11.2021, projects that get commissioned before 30.06.2025 are eligible for ISTS charges waiver. However, the present amendment is to cater to specifically those scenarios where on account of FM and delay in transmission or government approval the project can't come before 30.06.2025. • For the above such cases, demonstrating or establishing that COD would be achieved before 30th June 2025, is practically impossible, particularly for projects where the associated transmission system has been delayed significantly beyond 30th June 2025. This is because if the developer has a visibility of a potential delay in the implementation of associated transmission system, it does not make any sense for the developer to execute the project, as it is commercially unviable to commission the project without having the connectivity operationalized. • Therefore, neither it can be demonstrated by the developer, nor it can be established by the competent

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		<p>exceed a period of six months at a time and not more than two times"</p> <p><i>Provided the extension of applicable waivers to REGS based on solar and wind source are accordingly applicable to each year of the specified trajectory as per the conditions detailed above.</i></p>	<p>authority, that the COD will be achieved or not, before 30th June 2025.</p> <ul style="list-style-type: none"> • We suggest that the COD mentioned in the connectivity application made by the developer to the CTU should therefore be considered as the date criteria for tracking the 100% ISTS waiver deadline. The COD provided in the connectivity application is a firm date which applicants considered based on a reasonable construction period for solar, wind, or REHS projects as per normal timelines which are adopted under standard bidding guidelines issued by MoP. However, the above projects are encountering delays due to prolonged connectivity finalisation processes by CTUIL. • Further, it is suggested to delete the proposed proviso which is restrictive and puts limitation on COD extension. It is a known fact that some transmission systems have got delayed beyond one year (few delayed for 18-24 months). Hence putting limitations on such extension timeline will be restrictive and would leave out several eligible projects from the ambit of ISTS waiver. • We further suggest that similar relief in terms of the applicable waivers should

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			also be made available for each year in the trajectory for waivers.