To,
The Secretary
CERC, New Delhi

Sub: Comments/ Suggestions/ Clarifications on the "Draft Central Electricity Regulatory Commission (Grant of Connectivity and General Network Access to Inter-State transmission system and other related matters) Regulation 2017".

With reference to the draft Notification bearing No. L-1/2291/2017-CERC dated 14th November 2017 and the subsequent Notification bearing no. L/1229/2017-CERC dated 14th December 2017 for extension of date for seeking comments / suggestion on the "Draft Central Electricity Regulatory Commission (Grant of Connectivity and General Network Access to Inter-State transmission system and other related matters) Regulation 2017" (GNA).

Please find below our comments/ clarifications/ suggestions for your kind perusal and response.

The following are the General Points for clarification on the subject:

1. As a Transmission Service provider/ Transmission Licensee we are governed by the Transmission Service Agreement (TSA). We seek your clarification/ response on the status of the TSA once GNA Notification comes into effect.

2. From the draft Notification our understanding is that in the event a Transmission Licensee happened to evacuate power at a lower load against the design capacity and in case on account of GNA coming into operation in future, will that result in additional transmission tariff over and above the adopted/ approved transmission tariff to the Transmission Licensee under certain specific situation.

3. In case of the above, will that additional tariff be adopted to the transmission service providers through the pooling mechanism?

4. Presently the TSA is executed between LTTC and TSP and the Connection Agreement is executed between CTU/ Generator and TSP. The approved monthly transmission tariff payable to the TSP is recovered from LTTC by the CTU. Subsequent to GNA coming into operational is there an option for the existing identified LTTC to exit from the project. i.e. Are they at liberty to exit, if so what is the security mechanism for the approved tariff entitled to the present TSP as per CERC Order.

5. Our understanding is that GNA members will be also part of the connection agreement. Hence the Contract Performance Guarantee which the TSP has provided to LTTC will that be submitted in proportion to GNA developers also.

6. Please clarify the applicability of GNA related regulation to bids which are under the TBCB route.

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Following are the Specific Clarifications on the draft Notification

8. Construction of Dedicated Transmission Line

8.4 Where the dedicated transmission lines have already been constructed or are under construction by ISTS Licensee (including deemed licensees) under coordinated transmission planning:

(i) The transmission charges for such dedicated transmission lines shall be payable by the concerned generating company to the transmission licensee from the date of COD of the dedicated line till operationalisation of GNA of the generating station in terms of Regulation 22 of these Regulations;

Our query: Please clarify the applicable agreement basis for the payment of transmission charges to TSP. What is the payment mechanism?

(ii) After operationalization of GNA, such dedicated transmission line shall be included in the POC pool and payment of transmission charges for the said dedicated transmission line shall be governed as per the CERC (sharing of inter-state transmission charges and losses) Regulations, 2010 as amended from time to time.

Our query: We assume that the payment post GNA operationalisation will be from the LTTCs only.

16. General Network Access by Generators

16.3 In case of early commissioning of generator or park, CTU may operationalize its GNA (partly / fully) prior to date from which GNA has been granted if it can be accommodated on the existing system.

Our query: we assume the earlier commissioning of Generator is matched by the Transmission Licensee by making the line available to suit the earlier generation. We would like to know whether the expiry date concession period of 35 years will still be from the scheduled COD and not from the actual COD.

20. Communication of Estimate of Transmission Charges

While granting General Network Access, the nodal agency shall communicate to the applicant, the date from which GNA shall be made operational and an estimate of the transmission charges likely to be payable based on the methodology of sharing of transmission charges specified by the Central Commission.

Our Query: Please clarify the difference between Transmission Tariff and Transmission Charges.

22 Effective Date of General Network Access

Clause No.22.2 CTU shall match COD of transmission system matching with date of start of GNA. Transmission system shall be entitled to tariff only after corresponding GNA is operationalized.
Our Query: As per the present TSA, transmission tariff is applicable irrespective of flow of energy. According to this clause 22.2, transmission system shall be entitled to tariff only after corresponding GNA is operationalise which implies from our assumption that in case the TSP completes the COD as per schedule and however, for reasons not attributable to TSP if GNA is not operationalised, we will be deprived of the tariff which is against the spirit of TSA. Please clarify. Appropriate remedy should be available for the TSP in this regard.

24. Relinquishment of GNA

24.1 (b) In case GNA customer exits prior to completion of 5 years after GNA is operationalized:

The remaining / available Access Bank Guarantee of such GNA Customer shall be encashed by CTU towards exit charges. Further, the generator shall pay transmission charges for one year (as per prevailing POC rate for the GNA Customer case rate is available for the GNA Customer. In case GNA Customer specific rate is not available, average all India POC rate shall be applicable) towards exit charges.

Our Query: Please clarify the positioning of TSA vis-à-vis GNA. As per 24.1 (a), (b) and (c) for some reason, if a GNA customer exits prior or after 5 years before operationalization of GNA, kindly clarify security mechanism for the Transmission Licensee’s investment.

27 Treatment of delay in Transmission system or Generation projects

27.2 In case of delay of both generator and transmission licensee the date of start of GNA may be postponed by CTU as per progress assessed by CTU and mutual agreement and this will be duly notified on website of CTU.

Our Query: According to this, CTU has the power to postpone the progress / COD. In such a case, please let us know the flow of adopted tariff / time period since it has a direct implication on the financial assumption vis-à-vis investor during construction.

27.5 The transmission licensee should keep provision of foreclosure in the contract made by it with EPC contractor. In case the augmentation has been awarded but CTU assesses that it is not required fully or partly keeping in view progress of generating station, the CTU shall intimate the licensee to foreclose its EPC contract based on the status of transmission line. The CTU shall get the details of investment made in the transmission project and the liquidated damages payable for termination of the contract with the EPC contractor assessed and shall reimburse the same to licensee from relinquishment charges received by it.

Our Query: Please appreciate all assumptions for both the developers as well as EPC contractors are on quantum of work related deployment of plant and machinery and hence cash flow. The abrupt notification for any reason by CTU to foreclose under any such event with due investment makeup and liquidated damages payable under such transmission of contract with EPC contractor may have consequences like litigations. Hence CTU has to upfront give an acceptable formulae which will give us the details to assess financial impact. Hence the same can be developed in to financial models and assumptions.

27.7 In the event of delay in commissioning of concerned transmission system from its scheduled date, CTU shall make alternate arrangement for dispatch of power at the cost of the transmission licensee. The interim arrangement so provided shall be removed with commissioning of actual planned system.
**Our Query:** The transmission service provider works on the limited scope of adopted tariff. In case alternate arrangement is made by CTU for dispatch of power under the cost of licensee, this will make the project unviable for the transmission licensee and will have major financial implications.

27.8 In case the alternative arrangement as provided in the Regulation 27.7 cannot be provided, the transmission licensee shall pay proportionate transmission charges to the generator.

**Our Query:** This clause is totally one sided since if an alternate arrangement is not possible that implies it cannot be exactly quantified. Hence fixing transmission licensee to an open ended transmission charges is not fair.

**28 Treatment of payment of charges in case of non-availability / delay in upstream / downstream system**

28.1 ISTS licensee, CTU, STU, associated State transmission licensee and distribution licensee shall ensure to commission systems in matching timeframe.

**Our Query:** The transmission licensee should not be penalised for any delays not attributable to them, on account of not matching time frame for commissioning the system.

28.2 Notwithstanding any provision with regard to indemnification in any agreement between the parties, in case of non-availability of identified downstream / upstream system, the payment liability shall fall on entity due to which the element has not been put to regular use as certified by RLDC. CTU shall coordinate with STU to ensure that ordering for State lines are done such that it is commissioned matching with ISTS lines. The ISTS system shall be included under POC calculations only after it is put to regular use.

**Our Query:** As regards ISTS's system inclusion into POC calculation only after regular use is against the spirit of TSA since as per TSA, the transmission licensees are liable to get payment immediately after deemed COD clause.

for L&T Infrastructure Development Projects Limited

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