

**No.3/7/2017-Trans**  
**Government of India**  
**Ministry of Power**  
**Shram Shakti Bhawan, Rafi Marg, New Delhi**

Dated: 28<sup>th</sup> January, 2022

To,

The Secretary,  
Central Electricity Regulatory Commission,  
3 rd & 4 th Chanderlok Building 36, Janpath Rd,  
New Delhi- 110001

**Sub: Comments of MoP on Draft CERC (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2021.**

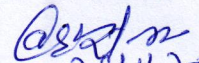
Sir,

I am directed to refer to the **Draft CERC (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2021** issued by CERC on 17.12.2021 seeking comments from the stakeholders and to say that the matter has been examined in this Ministry. The comments/observation are contained in the **Annexure** for necessary action by CERC.

2. This issues with the approval of Competent Authority.

**Encl:** As above

Yours faithfully,

  
(Bihari Lal) 28/1/2022

**Under Secretary (Trans)**  
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### Major Modification Suggested in the Draft GNA Regulations 2022

Provisions as per Existing Connectivity Regulations	Provisions as per Draft GNA	Observations/Proposals	Remarks
<b>1. Definition of Associated Transmission System (ATS):</b>			
In the Sharing regulation, ATS is defined as- 'Associated Transmission System' or 'ATS' means the transmission system identified for a generating station by the Central Transmission Utility in the Long Term Access grant;	The Draft GNA regulation defines ATS as  <i>'6.2. Any augmentation required, excluding terminal bay(s), to the existing ISTS identified under Regulation 6.1 of these regulations, shall be considered as the Associated Transmission System (ATS) for the Applicant(s).'</i>  <i>6.1. On receipt of applications for grant of Connectivity, the Nodal Agency shall carry out interconnection study as specified in the CEA Technical Standards for Connectivity along with requirement of augmentation to the existing ISTS, if any, for enabling transfer of power over ISTS under General Network Access:</i>  <i>Provided that the existing ISTS for the purpose of this Regulation shall include transmission system which has been awarded for implementation,</i>	Following definition of ATS and Network Expansion/System Strengthening is proposed-  • <b>ATS:</b> Transmission system connecting the generation project to the ISTS point.  This will include the Generation End Pooling Station/Bay, Dedicated Transmission Line (DTL) and respective bay at ISTS Station and the same would be in the scope of Generation Project Developer.  <b>Network Expansion/System Strengthening:</b> Transmission system other than proposed ATS.	<ul style="list-style-type: none"> <li>As per Transmission Planning Rules, 2021, the Connectivity System shall be treated as-  "4.0. Connectivity (5): <i>The costs of the connectivity system to the network shall be borne by connecting entity and the costs of strengthening of the system shall be a part of system cost and recovered in tariff.</i>"</li> <li>Further, SI No 4.1(v) of MoM by MoP dated 08.11.2021, states that-  <i>'New ISTS system will be planned and developed based on demand assessment without linking with LTA requirement. There will be no distinction of Generation linked (network expansion) and System strengthening schemes.'</i></li> </ul> <p>As per draft GNA Regulation,</p>



Provisions as per Existing Connectivity Regulations	Provisions as per Draft GNA	Observations/Proposals	Remarks
	<p><i>as on the last day of the month in which application for grant of Connectivity complete in all respects, has been received:</i></p> <p><i>Provided further that if any additional transmission system gets awarded for implementation before completion of interconnection study, such additional transmission system shall also be considered as existing ISTS.</i></p>		<p>“ATS” for an applicant is the augmentation to the existing ISTS for enabling transfer of power over ISTS under GNA. This may lead to “big ATS” for one generation project(corresponding to new ISTS augmentation system), whereas “Nil or negligible ATS” for other generation project (if new augmentation system has already been awarded) seeking connection at same location.</p> <p><b>To get rid of the above discrepancy and also the fact that apart from the dedicated line along with terminal bays at either end, all ISTS augmentation is a part of common strengthening system, it is proposed to define the ATS and Network Expansion in line with the requirement of Connectivity System as per Transmission Planning Rule, 2021</b></p>



Provisions as per Existing Connectivity Regulations	Provisions as per Draft GNA	Observations/Proposals	Remarks
<b>2.0 Bank Guarantees:</b>			
<ul style="list-style-type: none"> <li>Connectivity Bank Guarantee in two parts- Conn-BG1 amounting to Rs. 50 lakhs, Conn-BG2 towards terminal bay(s) (220kV-3Cr, 400kV-6 Cr).</li> <li>Application BG@Rs 10000/MW for LTA Application</li> <li>Construction phase Bank Guarantee of <b>Rs. 5 lakhs/MW</b> for Augmentation of transmission system associated with LTA grant.</li> </ul>	<p>(a) <b>For Connectivity with Existing ISTS System</b></p> <p>Connectivity Bank Guarantee in three parts- Conn-BG1 amounting to Rs. 50 lakhs, Conn-BG2 towards terminal bay(s) on the basis of number of terminal bay(s) and <b>Conn-BG3 @ Rs. 2 lakh/MW</b>, for the existing ISTS</p> <p>(b) <b>For Connectivity where Network Expansion is required-</b></p> <p>Connectivity Bank Guarantee in two parts-Conn-BG1 amounting to Rs. 50 lakhs and <b>Conn-BG2 equal to estimated cost of ATS and terminal bay(s)</b></p> <p>The existing ISTS for the purpose of this Regulation shall include transmission system which has been awarded for implementation, as on the last day of the month in which application for grant of Connectivity</p>	<p>It is proposed to have a Single Bank Guarantee of <b>Rs 2 lakhs/MW</b> for all the cases.</p>	<p>As explained at Sl. No 1 above, Generators connecting at the same location may have different ATS and therefore different bank guarantee which may have different cost implication for the Generators connected to the same ISTS point and having same network expansion.</p> <p>Further, the generators may not be knowing their liabilities corresponding to the Bank Guarantees upfront before bidding. This may constraint level playing field for the different Generators at the same ISTS point</p> <p>In order to streamline the Requirement of Bank Guarantees, a single Bank Guarantee is proposed.</p>



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	complete in all respects, has been received.		
<b>3.0 Treatment of Bank Guarantees</b>			
<p>Conn-BG1 and Conn-BG2 are returned within 30 days of declaration of commercial operation of the generation project.</p> <p>The Application Bank Guarantee is returned after submission of Construction phase bank guarantee.</p> <p>Construction Phase Bank Guarantees are released three months after operationalization of LTA, and opening of payment security mechanism as per Sharing Regulations.</p>	<p>The treatment of Connectivity Bank Guarantees in line with Draft GNA shall be as per below-</p> <p><i>'16.1. Conn-BG1 shall be returned within 30 days of declaration of commercial operation of full capacity by the Connectivity grantee.</i></p> <p><i>16.2. Conn-BG2 and Conn-BG3 shall be returned in five equal parts over five years corresponding to the generation capacity which has been declared under commercial operation by the Connectivity grantee.</i></p> <p><i>16.3. In case of non-payment of transmission charges under Regulation 13 of the Sharing Regulations for more than 3 months from the due date, such transmission charges shall be recovered by encashing Conn-BG1 (if subsisting), Conn-BG2 and Conn-BG3, as</i></p>	<ul style="list-style-type: none"> <li>The treatment of Bank Guarantee has to be aligned with the Requirement of Bank Guarantee(s) as proposed in SI No 2 above.</li> <li>Following Treatment of Connectivity Bank Guarantee is proposed-</li> </ul> <p><i>'16.1. Upon the declaration of commercial operation for the full installed capacity by the connectivity grantee/ Connectivity effectiveness of Bulk Consumers &amp; Dist. Licensee seeking GNA the Conn BG shall be returned within a period of 02 months thereafter. There be any delay in Commercial operation from its earlier stated SCOD/ revised SCOD as approved by Competent Authority/ Connectivity effectiveness of Bulk</i></p>	<p>A '<b>Unit Charge</b>' Approach is proposed for liability against the bank guarantees (<b>Rs 7500/MW/Per Week charge obtained by considering Rs 2 Lakh/MW BG as proposed at SI No 2 and a period of 06 month approx.</b>).</p> <p>This approach simplifies the treatment of Bank Guarantee and align it to the proposals at SI No 1 &amp; 2.</p> <p>This will also facilitate the developer to estimate the implication of delayed Commissioning with respect to SCOD.</p>



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	<p>required. Connectivity shall be revoked from the date when Conn-BG2 is not sufficient to cover transmission charges under Regulation 13 of the Sharing Regulations'</p>	<p>Consumers &amp; Distribution Licensee seeking GNA, the connectivity grantee shall be liable to pay an amount of Rs 7500/ MW /week or part thereof subject to the Upper Cap of Conn-BG amount.</p> <p>This amount shall be deposited within 01 month of COD, failing which the amount shall be recovered from the Con BG encashment and balance BG shall be returned within 01 month of encashment.</p> <p>16.2. The proceeds of encashedConn-BG in terms of Regulation 16.1, shall be adjusted in Monthly Transmission charges under the Sharing Regulations.</p>	



## **Other Observations**

i) Based on decision of meeting taken by HMoP on 05.10.2021, CTU was directed not to encash BG. Accordingly, it is proposed that at the time of encashment, BG amount can be replaced by any other digital mode of payment. Further, it is also proposed that in case of BG submission also, provision of Earnest Money/Any other Instrument, in lieu of Bank Guarantees, may be included in the GNA regulations.

ii) Vide MoP's letter to CERC dated 15.11.2021 [para 6 B(ii)], a suitable provision may be made in draft GNA regulations, for transfer of connectivity from one RE generator to other RE Generator on the recommendation of SECI/REIA on nominal charges without encashment of BG. However, no appropriate provision has been made in this regard in the draft GNA Regulations. Therefore, a suitable provision may be made in this regard in the GNA Regulations.