# Central Electricity Regulatory Commission (Connectivity and General Network Access to the Inter-State Transmission System) Regulations, 2022

*17 June 2022*

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## Background

The Central Electricity Regulatory Commission (**CERC**) issued the CERC (Connectivity and General Network Access to the Inter-State Transmission System) Regulations, 2022 (**GNA Regulations**) on 7 June 2022. These regulations will come into effect on a date to be notified by the CERC. Upon coming into effect, the GNA Regulations will replace the existing inter-state connectivity and open access framework, i.e. the CERC (Grant of Connectivity, Long-term Access and Medium-term Open Access in Inter-State Transmission and related matters) Regulations, 2009 (**CERC Regulations 2009**) and the detailed procedures issued under these regulations.

The Government has issued new rules for providing general network access, allowing generators to connect to and evacuate power through the inter-state transmission system without designating the location of the offtaker. These rules mark a new paradigm in transmission system planning by enabling flexible, non-discriminatory open access.

The GNA Regulations have been issued in line with the concept of 'One Nation, One Grid'. These regulations aim to provide non-discriminatory open access to the inter-state transmission system (**ISTS**) to generating companies through general network access (**GNA**). Unlike the present ISTS open access system where generators are required to identify a consumer prior to grant of open access, GNA provides flexibility to the generators by providing them with open access rights without having to specify the injection point and drawal point (though at the time of applying for connectivity to the ISTS, the applicant must indicate the preferred point of connection with the ISTS along with the maximum quantum of power proposed to be interchanged with the ISTS).

The GNA Regulations also contemplate grant of temporary GNA (**T-GNA**), which is akin to the concept of short-term open access. T-GNA is an open access right provided to an eligible buying entity for any duration from one time block and up to 11 months. T-GNA is to be applied and processed through a single window electronic platform, i.e. the National Open Access Registry. As is the case with short-term open access, T-GNA will be granted for the available surplus capacity in ISTS after allocation towards GNA.

## Key aspects

# 1 Connectivity and Open Access

Under the GNA Regulations, the following entities will be eligible to apply to the nodal agency[1] for grant of connectivity:

i. generating station, including renewable energy generating station (**REGS**), with or without energy storage system (**ESS**) with an installed capacity of 50 MW and above, either individually or in aggregate;

ii. captive generating plant with injection capacity of 50 MW and above;

iii. standalone ESS with an installed capacity of 50 MW and above, individually or in aggregate;

iv. renewable power park developer; and

v. REGS or standalone ESS with an installed capacity of 5 MW and above applying for grant of connectivity to ISTS through the electrical system of a generating station already having connectivity to ISTS.

The quantum of connectivity for each category is set out in the table below.

| Applicant | Connectivity Quantum |
|---|---|
| Generating stations including REGS | Equal to installed capacity of the generating station |
| Renewable hybrid generating station or REGS with storage | Less than or equal to the installed capacity |
| Captive generating plant | Proposed maximum injection to ISTS |
| Standalone ESS | Proposed maximum injection to ISTS or proposed maximum drawal from ISTS, whichever is higher |
| Renewable power park developer | Quantum for which it has been authorized by the central/state government |

The CERC Regulations 2009 provided that connectivity for the same capacity cannot be obtained from both ISTS as well as the intra-state transmission system. However, the GNA Regulations provide that a generating station already connected to or intending to connect to the intra-state transmission system will also be eligible for obtaining connectivity to the ISTS network.

Upon receipt of applications for grant of connectivity, the nodal agency will first carry out an interconnection study along with assessment of the requirement for augmentation of the existing ISTS network. Thereafter, it will grant in-principle connectivity to the applicant. The in-principle connectivity will be granted by the nodal

[1] Under the GNA Regulations, 'nodal agency' means (i) the agency designated for connectivity or GNA to the ISTS, which shall be the Central Transmission Utility; (ii) the agency designated for T-GNA for bilateral transactions which shall be Regional Load Despatch Centre of the region where point of drawal is located; (iii) the agency designated for T-GNA for collective transactions which shall be National Load Despatch Centre (NLDC); (iv) the agency for implementation and operation of National Open Access Registry which shall be NLDC.

agency within 30 days from the last day of the month in which application was received (if basis the interconnection study, no associated transmission system (ATS) is required) or within 60 days from the last day of the month in which application was received (if basis the interconnection study, ATS is required). The applicant is required to submit connectivity bank guarantee (C-BG) in three parts to the nodal agency within 1 month of grant of in-principle connectivity: C-BG1 of INR 50 lakhs, C-BG2 ranging from INR 2 crore to INR 12 crore depending upon the voltage level of the allocated terminal bay, and C-BG3 at the rate of INR 2 lakh per MW – C-BG2 need not be submitted where the applicant constructs the terminal bay on its own or such terminal bay has already been constructed by another connectivity grantee or connectivity is sought through the switchyard/electrical system of a generating station. The final connectivity approval will be granted within 15 days of receipt of C-BG2 and C-BG3. Thereafter, the applicant is required to execute a connectivity agreement with the nodal agency.

The entities which have been granted connectivity under the GNA Regulations will be deemed to have been granted GNA equal to the quantum of the connectivity from the date of connectivity. This would essentially enable a generating station to inject power in the grid without seeking a separate open access approval.

## 2 Transfer of Connectivity

A connectivity grantee is not allowed to transfer, assign, or pledge its connectivity and the associated rights and obligations, either in full or in parts, except as provided in the GNA Regulations. In this regard, the GNA Regulations allow a parent company to utilise a connectivity granted to its subsidiary[2]. Similarly, a subsidiary company can utilise the connectivity granted to its parent company. This is a welcome departure from the CERC Regulations 2009 which only allowed the use of connectivity of a parent company by a 100% subsidiary. The GNA Regulations have eased the transfer restrictions by allowing any subsidiary to utilise its parent company's connectivity approval (and vice versa). Further, in case of a REGS, the GNA Regulations allow transfer of the connectivity after commissioning of the project (whereas the CERC Regulations 2009 only allow transfer of connectivity to a wholly owned subsidiary one year after commissioning). Additionally, a REGS can split its connectivity in parts (with minimum capacity of 50 MW for each part) after commercial operation of each part. After commercial operation of such split part of REGS, any entity which acquires 51% or more shareholding of the company or its subsidiary or affiliate company owning the REGS, can apply to the nodal agency for transfer of connectivity.

## 3 Interplay with Green Energy Open Access Rules

The CERC notified the Electricity (Promoting Renewable Energy Through Green Energy Open Access) Rules, 2022 on 6 June 2022 (Green Energy OA Rules), which set out the incentives, conditions and procedure for obtaining open access by REGS. While the GNA Regulations contemplate deemed open access to REGS with an installed capacity of 50 MW and above, either individually or in aggregate (and other categories of applicants set out above), which have obtained the final connectivity approval, the Green Energy OA Rules set out a separate procedure for applying for open access by REGS with a capacity of 100 kW and above. While there is no reference to the Green Energy OA Rules in the GNA Regulations or vice versa, a possible harmonious reading of the GNA Regulations and the Green Energy OA Rules could lend itself to the view that REGS which

[2] The GNA Regulations do not define a 'subsidiary' however, the Companies Act, 2013 defines a 'subsidiary' as a company in which the holding company exercises or controls more than one-half of the total voting power either on its own or together with one or more subsidiaries.

do not fall into the applicant categories set out in the GNA Regulations would not be eligible for deemed open access and would need to obtain open access approval in accordance with the Green Energy OA Rules. While REGS falling under the applicant categories set out in the GNA Regulations should be eligible for deemed open access, it is unclear whether in such case they would also be able to claim the incentives under the Green Energy OA Rules (such as the cap on increase in the cross-subsidy surcharge).