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## SHAPING GRID ACCESS: CERC's DRAFT FOURTH AMENDMENT TO CONNECTIVITY AND GNA REGULATIONS

### Introduction

The Central Electricity Regulatory Commission ("CERC") has released the CERC (Connectivity and General Network Access to the Inter-State Transmission System) (Fourth Amendment) Regulations, 2025 ("Draft Fourth Amendment"). Notified in March 2025, the proposed amendment signals a critical advancement in India's transmission and energy access framework, particularly as the nation continues to scale up renewable energy integration, enhance transmission reliability, and support long-term decarbonization goals.

### Background

India's energy landscape is evolving rapidly, driven by:

- Ambitious renewable energy targets (500 GW of non-fossil capacity by 2030),
- Widespread adoption of open access and merchant power models,
- Growing decentralization of generation, and
- The push for grid modernization and energy security.

The CERC (Connectivity and General Network Access to the Inter-State Transmission System) Regulations, 2022 ("CERC Regulations, 2022") laid the foundation for a more structured and transparent process for accessing the Inter-State Transmission System ("ISTS") via General Network Access ("GNA"). The Draft Fourth Amendment builds upon this foundation to address implementation challenges, streamline processes, and enhance the regulatory environment for new entrants and existing players.

## Key Provisions of the Draft Fourth Amendment

### 1. Introduction of a time-bound, milestone-linked approval process

To reduce long-standing delays, the amendment establishes explicit deadlines for each step in the Connectivity and GNA approval process. Applicants are required to submit detailed documentation demonstrating progress at defined milestones such as land acquisition, financial closure, and contract execution. The amendment mandates that the Central Transmission Utility (“CTU”) complete the processing of applications within a stipulated timeframe, improving transparency and predictability for developers.

### 2. Conditional connectivity to expedite project progress

Recognizing that obtaining all statutory and environmental clearances can be time-consuming, the amendment allows developers to secure conditional connectivity based on partial fulfilment of eligibility criteria. This means that projects may begin initial grid integration activities and secure access to the transmission system before final clearances, provided they comply with conditions specified by the CTU. This measure accelerates project timelines while maintaining regulatory safeguards.

### 3. Stricter and more detailed eligibility requirements

Applicants must now substantiate project readiness with comprehensive documentation, including:

- Evidence of land ownership or lease agreements for project sites
- Financial closure certification from lenders or financiers
- Signed Engineering, Procurement, and Construction (“EPC”) contracts or firm orders for equipment
- A realistic, phased commissioning schedule aligned with grid capacity

By enforcing these requirements, CERC aims to eliminate speculative or non-viable projects from the queue, thereby improving the efficiency of transmission access allocation.

#### **4. Penalty Framework for Delays in Project Commissioning**

To incentivize timely completion, the amendment introduces a robust penalty framework for projects that fail to commission within the specified timelines post-access grant. Penalties may include financial charges and, in some cases, revocation of connectivity or GNA rights. This change is crucial to ensuring transmission capacity is not unnecessarily blocked, allowing efficient grid utilization.

#### **5. Enhanced Provisions to Support Renewable Energy Integration**

The amendment incorporates targeted provisions for renewable energy and hybrid projects, reflecting their growing share in India's energy mix:

- It encourages the use of shared pooling substations within renewable energy zones, reducing infrastructure redundancy and costs.
- The draft allows phased granting of GNA aligned with phased commissioning schedules, enabling renewable projects to synchronize grid access with actual generation capacity.
- Special provisions for hybrid and storage projects promote flexibility and better management of variable renewable generation.
- It also clarifies priority dispatch and access rights for renewable generators, helping improve grid stability and renewable integration.

#### **6. Clear Guidelines on Relinquishment and Curtailment of Access**

The Draft Fourth Amendment defines transparent procedures for voluntary relinquishment of connectivity or GNA rights. Developers must notify the CTU within defined timeframes and comply with financial obligations based on the timing of relinquishment. Additionally, the draft spells out detailed rules governing curtailment during grid constraints, including prioritization of access and potential compensation mechanisms for affected generators. This clarity reduces uncertainty and promotes fair treatment of all stakeholders.

#### **7. Strengthening Institutional Roles and Reporting Obligations**

The roles of the CTU, National Load Despatch Centre ("NLDC"), and Regional Load Despatch Centres ("RLDCs") are more explicitly defined with enhanced responsibilities, including:

- Coordinated network planning to anticipate and manage congestion.
- Regular publication of transmission availability, congestion status, and curtailment data, ensuring transparency.
- Improved communication and coordination mechanisms between transmission utilities and project developers, minimizing operational bottlenecks.

### **8. Tightened Compliance and Alignment of Contracts**

The Draft Fourth Amendment emphasizes alignment of key contractual documents, such as Power Purchase Agreements and Transmission Service Agreement, with the new timelines and conditions specified by the regulations. It mandates rigorous compliance with these frameworks, and non-adherence could result in loss of access rights or financial penalties. This creates a more accountable and predictable environment for project developers and transmission licensees.

#### **Implications for the power sector**

These comprehensive amendments are expected to significantly enhance the transmission access regime in India by:

- Ensuring that only well-prepared and credible projects receive access, improving overall grid reliability.
- Facilitating faster grid integration of renewable and hybrid projects through phased and conditional connectivity.
- Reducing delays and uncertainties associated with application processing, relinquishment, and curtailment.
- Promoting transparency and coordination across key institutional players, leading to better grid planning and operational efficiency.
- Aligning regulatory requirements with India's national goals of achieving 500 GW renewable capacity by 2030 and net zero emissions by 2070.

## **Conclusion**

The Draft Fourth Amendment marks a critical evolution of India's transmission access framework. By addressing practical challenges observed under the CERC Regulations, 2022 and introducing innovative provisions to support renewable integration, the amendment promises to foster a more efficient, transparent, and flexible grid access environment.

This regulatory update aligns with the country's broader energy transition objectives and will be instrumental in facilitating the reliable, large-scale deployment of clean energy. Stakeholders are encouraged to engage actively in the ongoing public consultation process to ensure that the final regulations reflect the collective inputs and support the continued growth of India's power sector.

## APPELLATE TRIBUNAL FOR ELECTRICITY CLARIFIES MANDATORY NATURE OF REGULATION 42 UNDER HARYANA ELECTRICITY REGULATORY COMMISSION'S OPEN ACCESS REGULATIONS, 2012

**Case Name:** Ranee Polymers Private Limited vs. Haryana Electricity Regulatory Commission & Ors. and Hindustan Gum and Chemicals Limited vs. Haryana Electricity Regulatory Commission & Ors.

**Appeal Nos.:** 61 of 2022 and 62 of 2022

**Court:** Appellate Tribunal for Electricity, New Delhi

**Order Date:** March 05, 2025

### Facts of the Case

These appeals involve Ranee Polymers Private Limited ("Ranee Polymers") and Hindustan Gum & Chemicals Limited ("HGCL"), both High Tension industrial consumers of Dakshin Haryana Bijli Vitran Nigam Limited ("DHBVNL"), disputing retrospective demands related to power procured through open access.

Ranee Polymers began sourcing power through open access in late 2013. While initial energy adjustments were provided, DHBVNL later raised a demand for alleged short assessment. Ranee Polymers argued that the amount had already been refunded and termed the demand as double billing. Despite objections, the demand was upheld by DHBVNL, the Coordination Committee, and the State Commission.

HGCL, with two (2) industrial connections, faced similar retrospective demands after procuring power through open access. Its legal challenges before the State Commission and the Coordination Committee were dismissed at various stages.

Both Ranee Polymers and HGCL contest the withdrawal of open access adjustments and allege arbitrary and unjustified billing by DHBVNL.

### Issue

Whether the compliance with amended Regulation 42 of the Haryana Electricity Regulatory Commission (Open Access) Regulations, 2012 ("HERC OA Regulations, 2012") is mandatory, as held by the State Commission, or directory, as contended by Ranee Polymers and HGCL.

## Regulatory Context

Amended Regulation 42 of MERC OA Regulations, 2012, as of December 03, 2013, mandates that embedded open access consumers submit a day-ahead power schedule by 10:00 a.m., detailing all ninety-six (96) time slots. This schedule determines the admissible drawal from the distribution licensee in each slot.

Failure to comply results in the entire drawal being treated as drawal from the licensee, subjecting the consumer to higher charges (twice the applicable tariff and potential demand surcharges).

Regulation 43 of HERC OA Regulations, 2012 governs settlement of energy at the drawal point, reinforcing the consequences of non-compliance with the scheduling requirement.

## Findings and Analysis by Hon'ble Appellate Tribunal for Electricity ("Tribunal")

### 1. Mandatory Nature of Regulation 42

The Hon'ble Tribunal held that Regulation 42 is mandatory. The use of the word "*shall*", the context, and the legislative intent all reflect a binding obligation on open access consumers to submit day-ahead schedules. The objective is to uphold grid discipline, system reliability, and fair allocation of resources.

### 2. Consequences for Non-Compliance

The Hon'ble Tribunal rejected the argument that the absence of a separate penalty clause renders the provision directory. It held that Regulation 43 sufficiently outlines the financial consequences (e.g., denial of open access credit and higher charges), confirming the binding nature of Regulation 42.

### 3. Judicial Reasoning

Applying established jurisprudence (e.g., *State of Mysore v. V.K. Kangan*, *State of Bihar v. Bhoomi Vikas Bank*), the Hon'ble Tribunal emphasized that procedural requirements with significant operational consequences, and framed in imperative language, must be treated as mandatory.

### 4. Equitable Considerations

While affirming the mandatory nature of the regulation, the Hon'ble Tribunal acknowledged implementation delays and ambiguity during the relevant period. It therefore adopted an equitable approach, granting one-time relief to the appellants by allowing credit for power purchased through open access during the disputed period, subject to specific conditions.

## 5. Reliefs Granted

The Hon'ble Tribunal directed that Ranee Polymers and HGCL be granted a one-time credit for energy purchased through the power exchange, calculated at the lowest of the following rates: Unscheduled Interchange (UI) charges notified by the Central Electricity Regulatory Commission for intra-state entities, the lowest tariff applicable to any consumer category during the relevant financial year, or the actual power purchase price paid without applying any cap. This relief was granted in light of the unique circumstances and delays in regulatory enforcement. Both consumers must submit documentary proof of such purchases within fifteen (15) days of the order, and DHBVNL is required to process the adjustment within thirty (30) days, failing which interest at 12% per annum shall be payable on the outstanding amount.

## Conclusion

The Hon'ble Tribunal has reinforced the mandatory nature of Regulation 42 while adopting a balanced approach in view of past ambiguities. The decision upholds procedural discipline in the open access regime and protects consumer interests by granting limited relief, thereby maintaining the integrity of regulatory compliance in the electricity sector.

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