

## PRESS RELEASE

### **OPEN ACCESS IN INTER-STATE TRANSMISSION - CERC ISSUES FINAL REGULATIONS**

Central Electricity Regulatory Commission (CERC) has issued final regulations for providing open access in inter-State transmission after taking into consideration numerous suggestions and comments received from the stakeholders in response to the draft regulations posted on its web site on 2.12.2003. The new Electricity Act, 2003 mandates CERC to specify regulations for transmission pricing as well as terms and conditions for regulating open access in inter-State Transmission. Moving swiftly to implement this key provision of the new Act, the Commission had issued a concept paper as early as in August, 2003 and held two days public hearing in October, 2003. Open access regulations for inter-State Transmission will come into force with immediate effect heralding a new chapter in the history of Indian electricity supply industry when generating companies, distribution companies, electricity traders and captive plant owners will be able to seek access to inter-State transmission system across the whole country for wheeling electricity. Open Access in transmission is vital for creating competition in the power supply industry. The consumers will also be able to seek open access as and when they are permitted by the State Commissions.

Highlights of the final regulations for open access in inter-State Transmission are as follows:

- Transmission customers will be divided into two categories, namely, long term customers and short term customers.

- A long term customer shall have to enter into bulk power transmission agreement with transmission service provider for use of inter-State transmission system for 25 years or more.
- A long term customer will have the exit option to relinquish or transfer his transmission right and obligations with the prior approval of the Commission subject to payment of compensation as may be determined by the Commission.
- Transmission customers other than long term customers shall be short term customers. The maximum duration of short term access shall be one year with option to reapply.
- A long term customer will be allowed access based on transmission planning criteria stipulated in the Indian Electricity Grid Code. Long term customer will have the right to use the transmission system.
- Access to short term customer shall be allowed subject to availability of transmission capacity if request can be accommodated by utilizing inherent design margin, margin available due to variation in power flow and margin available due to in-built spare capacity.
- Allotment priority of long term customers shall be higher than that of short term customers.
- If the transmission capacity reservation sought by short term customer is more than the availability in a particular transmission corridor, at a point of time, the RLDC concerned shall invite bids. The floor price of the bids shall be as per the formula specified in the regulations. Bid based reservation shall commence after 90 days.
- The floor price for short term customer shall be about 1/4<sup>th</sup> rate chargeable from long term customer.
- The floor rate shall be displayed by each transmission service provider on web site in Rupees per MW per day.
- The minimum transmission charges payable by short term customers will be for one day and in multiple of whole days thereafter.
- The Commission would like to incentivise declaration of surplus capacity by long-term customers so that unutilised capacity can be used by short-term

customers resulting in optimum utilisation of capacity. For this purpose, the annual transmission charges shall be determined and after deducting adjustable revenue from the short term customer, shall be shared by the long term customers in accordance with terms and conditions of the tariff notified by the appropriate Commission from time to time.

- Regional Load Dispatch Centres shall jointly formulate a detailed procedure for reservation of transmission capacity including bidding procedure for short term customers within 45 days.
- Within a category, there shall be no discrimination between an open access customer and self use by an integrated entity like State Electricity Board.
- Nodal Agency for arranging long term access shall be the Central Transmission Utility (POWERGRID), if its system is used, otherwise the nodal agency shall be the transmission service provider in whose system the drawal point is located.
- The nodal agency for short term access shall be the Regional Load Dispatch Centre of the Region where the drawal of electricity is situated.
- Application fee for long term customer shall be Rs.1.0 lakh and application fee for short term customers would be Rs.5000/-.
- The transmission capacity reservation for short term customer would be non-transferable.
- In the event of frequent under-utilisation of reserved capacity by a short term customer, the Regional Load Dispatch Centre may cancel or reduce the reservation. However, such a customer would have to bear full transmission and scheduling charges as per the original reservation.
- Any person, other than the existing beneficiaries having a firm allocation from central generating station, shall be given 60 days notice by the Regional Load Dispatch Centre to submit the application for grant of transmission access in accordance with these regulations. The transmission charges shall be applied on postage stamp basis in respect of each Regional system, inter-Regional link and other transmission system including those of state transmission utility or state electricity board.

- Out of the charges paid by the short term customers, 25% shall be retained by the transmission service provider and balance would be used for reduction in the transmission charges payable by the long term customers.
- All applications for transmission access shall be processed as per the time table prescribed by the Commission in the regulations.
- In the event of unexpected transmission constraint, the short term customers shall be curtailed first followed by long term customers.
- Various commercial conditions for facilitating open access shall be standardised within 60 days by the Central Transmission Utility and the Regional Load Dispatch Centre.
- The short term customer will have to pay scheduling and system operating charges @ Rs.3000/- per day to each Regional and State Load Dispatch Centre involved in the transaction.
- Any mismatch between schedule and actual drawals at the drawal point and at the injection point shall be met from the grid and its price shall be governed by the frequency linked unscheduled energy inter-change pricing mechanism already applicable to inter-State transaction under the ABT.
- All customers directly connected to POWERGRID network shall have to pay reactive energy charges calculated as per the existing scheme.
- All transmission customers directly connected to POWERGRID network shall be required to install special energy meters capable of time differentiated measurement of active energy and voltage differentiating measurement of reactive energy.
- All users shall pay average energy loss in the transmission system as estimated by the State and Regional Load Dispatch Centre concerned. The energy loss shall be adjusted in kind i.e. average loss in transmission shall be compensated by additional injection at the injection point.
- Each Regional Load Dispatch Centre and State Load Dispatch Centre shall be required to maintain internet based information system with regard to floor rate for short term customer, current status of long term and short customers, list of past short term customers, information of power flow on inter-regional

link, links between POWERGRID and State system and inter-State links and information regarding average energy losses during the previous weeks/months.

- Any complaint regarding delays, discrimination and lack of information in the matter of open access in inter-state transmission shall be directed to the Member Secretary of Regional Electricity Board of the Region. Any unresolved problem or dispute could be referred to the Commission.

The final regulations and orders of the Commission are available on web site <http://cercind.org>.

**(A.K. Sachan)**  
**Secretary**