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CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Coram:**

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**Draft Regulations on Open Access – Explanatory Memorandum**

The Electricity Act, 2003 (the Act) envisages grant of open access in transmission and distribution of electricity, in accordance with the regulations specified by the Appropriate Commission. In keeping with the provisions of the Act, the regulations for open access in inter-State transmission were first specified by the Commission in February 2004, which were preceded by a concept paper, in view of the fact that concept of open access in transmission was new. The regulations have now held the field for nearly four years, though with certain amendments.

2. In 2007, the Commission issued the guidelines for setting up of Power Exchanges in the country and accordingly the open access regulations have to be revised to cater for the transactions materializing through the power exchanges. Accordingly, with the process of development of electricity market in the country, a need has arisen to revamp the existing open access regulations.

3. The scope of open access regulations has been limited to utilization of surplus capacity available. From the experience gained so far, it has become evident that it is desirable to augment, strengthen and add new transmission lines, etc for catering to long-term requirements of power evacuation because request for long-term power transfers have to be served with high level of reliability. In this regard, the basic

frame-work is already provided in the Act, and more particularly in Section 10 thereof that a generating company intending to supply electricity to any person should coordinate with the Central Transmission Utility and the State Transmission Utility for the purpose of transfer of its electricity. It is, therefore, desirable that the prospective long-term beneficiaries of transmission assets should get facility created through the transmission planning process. Further, as compared to open access customers, criteria for payment and sharing of the transmission charges by the long-term beneficiaries is entirely on a different footing as they are required to support the entire cost of transmission service.

4. In the light of the above brief background, the Commission has proposed to revise the existing regulations on open access and for this purpose is publishing the revised draft regulations. In the draft regulations, emphasis is on the 'scheduling' rather than 'reservation' for open access. No doubt, the system operator has to ensure the adequacy of system for power flows as a whole. However, power flows according to the laws of physics, independent of the commercial contracts for sale and purchase of power, from different points in the grid. Therefore, from the perspective of an open access customer, what matters ultimately is that his request is included in the schedule. The parties make/receive payments according to the quantum and duration of power scheduled for transfer by the system operator/RLDC. Any deviations with respect to schedules are settled under UI mechanism.

5. The transmission system owned by the Central Transmission Utility and other licensees granted licences by the Commission has been built primarily as an associated transmission system for carrying power from the Central / inter-State

generating stations to the identified beneficiaries. These beneficiaries are bearing and sharing the transmission charges on a long-term basis, are accordingly the primary customers of the transmission system, and transmission of their respective 'entitlements' in Central / inter-State generating stations has the first priority. No additional charges are payable by these beneficiaries for transmission of such entitlements in Central/inter-State generating stations to their respective drawal point(s) at the interface.

6. The transmission capability remaining surplus after utilization of the transmission assets created by the Central Transmission Utility for its primary purpose shall be available for facilitating bilateral contracts, wheeling of captive generation, sale / purchase of electricity through a Power Exchange, etc., as per the draft regulations and detailed procedure in a non-discriminatory manner.

7. The Regional Load Despatch Centres shall endeavour to accommodate the requests for scheduling to the extent possible, but for transmission constraints, and after allowing for required security margins. Since the surplus transmission capability keeps changing depending on availability / outage of various transmission elements and scheduling of Inter-State generating stations from time to time, open access shall be available on as-and-when-available basis only.

8. The other salient features of the proposed regulations are stated below:

- (a) Definitions of 'bilateral transaction', 'collective transaction', 'State network', 'State utility' and 'time block', etc have been added.

- (b) Direct customers and embedded customers have been re-defined as 'Regional entity' and 'Intra-State entity' respectively.
- (c) The nodal agency in case of the collective transactions shall be National Load Despatch Centre (NLDC).
- (d) Application fee, transmission charges and operating charges for the bilateral transactions and the collective transactions have been specified separately.
- (e) Procedures for advance scheduling, scheduling on first-come-first-served basis, day ahead and same day transactions have been modified to accommodate the collective transactions as well as bilateral transactions.
- (f) In respect of the State Load Despatch Centre (SLDC) concurrence for bilateral transactions, it has been proposed that the concurrence shall be obtained in advance and submitted along with the application to the nodal agency. In case the infrastructure required for energy metering and 15 minute-wise accounting already exists, and there are no transmission constraints, it is proposed that the SLDC shall give concurrence/clearance within three (3) working days after receipt of the application. In case of refusal, reasons for the same shall be clearly stated and conveyed to the applicant.
- (g) SLDC clearance would be a pre-requisite for trading through a Power Exchange. It has been proposed that when an intra-State entity approaches SLDC for permission/clearance to participate in power exchange trading, SLDC shall issue no objection/standing clearance in the format as may be provided in the detailed procedure after ensuring that requisite infrastructure for energy metering and accounting is/has been provided at the relevant point(s) of injection/drawal. SLDC shall also check for transmission constraints in the

State network and issue transmission clearance specifying the MW upto which an entity may submit a buy/sell bid in a power exchange.

(h) It was seen that the exit option or flexibility granted to open access customers was being used frequently for blocking the transmission capacity. In the draft regulations, it has been proposed that the open access schedules shall not be revised or withdrawn by an open access customer once they have been accepted by the nodal agency and the transmission charges and operating charges shall not be revised. This has been done to ensure that only a genuine customer applies for scheduling and the balance transmission capacity is available for others so that entire capacity is utilized in the most optimal manner.

(i) Regarding settlement of UI charges, it has been specified in the existing regulations that the mismatch between the schedule and actual drawal/injection for the intra-State entities shall be determined by the concerned SLDC and covered in the intra-State UI accounting scheme. In the draft regulations, it has been further elaborated that unless specified otherwise by the concerned State Commission, the UI rate for intra-State entity shall be 105% (for over-drawals/under generation) and 95% (for under-drawals/over generation) of the UI rate at the periphery of regional entity. This has been done to facilitate hassle-free energy accounting and settlement of deviations for intra-State entities, irrespective of whether intra-State ABT has been implemented in the State or not. Further, in an inter-connected grid, deviations from schedule of an entity are met from the entire grid and the local utility is no longer solely responsible for absorbing these. Since unscheduled interchange (UI) mechanism has been provided to distribute the burden and charges of support

for countering deviations, it is proposed that neither any restrictions regarding magnitude of deviations (except on account of over-stressing of concerned transmission or distribution system), nor any standby charges etc. shall be imposed.

(j) Regarding revenue collected through open access transmission charges, it is proposed that transmission charges collected for use of inter-State transmission system shall be deposited in region-wise funds maintained by the Central Transmission Utility for meeting the annual transmission charges of the surplus transmission capacity built specifically for open access and for future use, to the extent of collection of open access transmission charges.

Sd/-  
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