

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

1. Shri Ashok Basu, Chairman
2. Shri K.N. Sinha, Member

Petition No. 15/2003

In the matter of

Direction to PGCIL to limit transmission charges to lines actually used for transfer of power to Southern Region

And in the matter of

Tamil Nadu Electricity Board

....Petitioner

Vs

1. Power Grid Corporation of India Ltd
2. Andhra Pradesh Transmission Corporation Ltd
3. Karnataka Power Transmission Corporation Ltd
4. Kerala State Electricity Board
5. Electricity Department, Pondicherry
6. Bihar State Electricity Board
7. West Bengal State Electricity Board
8. Grid Corporation of Orissa Ltd
9. Damodar Valley Corporation
10. Jharkhand State Electricity Board

....Respondents

The following were present:

1. Shri S. Sowmyanarayanan, Consultant, TNEB
2. Shri S.S. Sharma, AGM, PGCIL
3. Shri D Kumar, AGM, PGCIL
4. Shri Dilip Rozekar, Chief Manager, PGCIL
5. Shri R. Suri, Chief Manager, PGCIL
6. Shri U.K. Tyagi, Chief Manager, PGCIL
7. Shri C. Kannan, Chief Manager, PGCIL
8. Shri M.N. Krishnan, APTRANSCO
9. Shri M. H. Sastry, APTRANSCO
10. Shri S. Atiqullah, CE, BSEB
11. Shri S. Gopal, PGCIL
12. Shri S. Shivamallu, KPTCL
13. Shri K.J. Alva, KPTCL
14. Shri B.S. Chander, KPTCL
15. Shri K. Gopalakrishnan, KSEB

ORDER

(DATE OF HEARING: 26.8.2003)

In this petition, the petitioner has sought a direction to Respondent No.1, Powergrid Corporation of India Ltd, for limiting the transmission charges of power to Southern Region from three NTPC stations in the Eastern Region. The petitioner has not indicated the date from which the relief has been prayed for and, therefore, the prayer clause is vague and indefinite. We, however, proceed to examine the issue raised in the light of provisions of law presently in force.

2. The constituents of Southern Region are allocated firm power from three NTPC stations, namely, Farakka STPS, Kahalgaon STPS and Talcher STPS in Eastern Region. 400 kV transmission network within Eastern Region connected with these stations is the means for carrying power from these stations to Jeypore sub-station of 400 kV Jeypore-Gazuwaka transmission line, an inter-regional line, utilised for evacuation of power to Southern Region. This line was commissioned on 1.9.1999. There are also certain other inter-regional transmission lines, viz. Malda-Bongaigaon 400 kV transmission line, Korba-Budhipadar 220 kV transmission line and Biharshariff-Sasaram-Allahabad line, including HVDC Station at Sasaram constructed for transfer of power from Eastern Region to North-Eastern Region, Western Region and Northern Region, respectively. In addition, Respondent No. 1 has commissioned the regional assets used for transmission of power to the constituents of Eastern Region and claims transmission charges therefor.

3. Respondent No.1, is billing the transmission charges to SEBs and other state utilities for the transmission system owned and operated by it in Eastern Region, computed by pooling together the charges of the entire transmission network of

Eastern Region, including those for inter-regional lines connecting Eastern Region with all regions. The pooled transmission charges are claimed from the beneficiaries within the Eastern Region and those outside in proportion of energy allocated from Faraka STPS, Kahalgaon STPS and Talcher STPS in post-ABT regime. In this manner, the petitioner and other constituents of Southern Region are made to share the transmission charges for the transmission system in Eastern Region as also the transmission charges for the inter-regional assets used for evacuation of power from Eastern Region to other regions.

4. According to the petitioner, it should not be liable to share the transmission charges for the entire transmission system within Eastern Region and other inter-regional assets not involved for evacuation of power to Southern Region, but its liability and that of other constituents of Southern Region to pay the transmission charges should be limited to 400 kV link lines of the transmission system associated with Farakka STPS, Kahalgaon STPS and Talcher STPS, and the proportionate transmission charges for 400 kV Jeypore-Gazuwaka D/C inter-regional transmission line, including HVDC back-to-back station at Gazuwaka. The petitioner has thus submitted that it is only reasonable to charge the constituents of Southern Region the proportionate transmission charges for the shortest route to Jeypore sub-station from three generating stations in Eastern Region. It has, therefore, sought directions to Power Grid Corporation of India (Respondent No 1) not to bill the constituents of Southern Region the transmission charges for the inter-regional lines, other than Jeypore-Gazuwaka transmission line including HVDC back-to-back station at Gazuwaka, sub-stations and auto transformers in Eastern Region and the transmission lines not associated with transfer of power to Southern Region.

5. While the constituents of Southern Region viz. KPTCL(Respondent No 3) & KSEB (Respondent No 4) in their replies have supported the case of the petitioner, the constituents of Eastern Region namely, BSEB (Respondent No 6), WBSEB (Respondent No 7) and GRIDCO (Respondent No 8) are opposed to the relief prayed for by the petitioner. PGCIL, Respondent No.1 too favours the status quo on for sharing of charges for inter-regional assets and wheeling of power to inter-state transmission system. The principal grounds by the respondents to oppose the relief prayed for by the petitioner are that the constituents of Southern Region have been allocated power on firm basis from Eastern Region and hence they are the beneficiaries of Eastern Region and that the regional grid operates in integrated fashion and it does not brook segregation of transmission charges for different inter-regional assets.

6. We have heard the representatives of the petitioner and the respondents and have carefully considered the rival submissions.

7. It is not necessary for us to deal with the individual contentions raised by the parties since these questions of sharing of transmission charges are no longer *res integra* and we are not treading the virgin path.

8. This issue of sharing of transmission charges for use of inter-regional assets was considered and decided by the Commission in Petition No. 86/2000, on determination of norms for inter-state transmission tariff. The Commission in its order dated 8.12.2000 in the said petition had directed as under:

“ ... we are of the opinion that till such time market based conditions drive such inter-regional transactions, the arrangement of sharing of the transmission charges for inter-regional assets on 50:50 basis by the two contiguous regions

irrespective of the nature of power flow would be a better option and shall be followed. Such transmission charges shall be recovered from the beneficiaries by pooling 50% of the transmission charges for such inter-regional transmission lines with the transmission charges for transmission system of respective regions for facilitating further recovery from various beneficiaries within the region.”

9. The terms and conditions of tariff for inter-state transmission decided through the order dated 8.12.2000 have become effective from 1.4.2001 and will remain in force for a period of three years, that is, up to 31.3.2004. In order to give effect to the decision of the Commission reproduced above, these terms and conditions were notified by the Commission's notification dated 26.3.2001. In order to bring the relevant provisions of the notification dated 26.3.2001 on par with the Commission's order dated 8.12.2000 in Petition No. 88/2000 a further notification dated 23.5.2003 has been published in the Gazette of India (Extraordinary) Part III, Section 4 on 2.6.2003, effective from 1.4.2001.

10. The Commission's order dated 8.12.2000 in Petition No. 86/2000 read with the notification dated 23.5.2003 clearly lays down that the transmission charges for inter-regional assets, including HVDC system are to be shared by two contiguous regions in the ratio of 50:50 and are to be recovered from the beneficiaries within the respective regions. This would imply that 50% share of transmission charges for inter-regional assets are not to be pooled with transmission charges for other inter-regional assets.

11. Therefore, in accordance with the Commission's earlier decision, the constituents of Southern Region are not liable to share the transmission charges pooled in the transmission charges of Eastern Region for the inter-regional assets presently used for evacuation of power from Eastern Region to other regions. Similarly, the constituents of other regions cannot be made to share transmission charges pooled in Eastern Region for the inter-regional assets not used for evacuation of power in the region. In other words, the 50% share of Eastern Region of transmission charges on account of all the inter-

regional transmission assets shall be shared only by the constituents of Eastern Region who are “the beneficiaries within the region”, in accordance with the order dated 8.12.2000 ibid and the notification dated 23.5.2003.

12. The petitioner has disowned its liability to share the transmission charges for the regional assets within the Eastern Region, except 400 kV transmission system associated with evacuation of power from the above-noted three NTPC stations. The contention of the petitioner is not tenable. The transmission link lines used for evacuation of power from the NTPC stations form part of the intra-regional assets. These transmission lines are operating with other assets in Eastern Region in integrated and synchronous mode. Therefore, it is not possible to segregate the liability of any utility utilising the intra-regional transmission system in the matter of sharing of transmission charges. In fact, a provision for sharing of regional transmission charges by all the beneficiaries utilising the regional transmission system already exist in para 4.9.1.2 of the Commission’s notification dated 26.3.2001, which is extracted below:

“Till introduction of ABT, the sharing of monthly transmission charges shall be in proportion of energy drawl. In case of importing region, the monthly transmission charges payable to POWERGRID/Licensee shall be shared by the constituents and beneficiaries (importing utilities) outside the region in proportion to energy drawl as per Regional Energy Accounting. Subsequent to introduction of ABT, sharing of the monthly transmission charges shall be on the basis of capacity allocation and contracted power. No transmission charges shall, however, be payable by the importing utility for utilisation of POWERGRID/Licensee system in intermediary region(s)”.

13. In terms of the above extracted provisions of the notification dated 26.3.2001, the individual assets used for a particular transaction are not required to be identified and the regional pooled transmission charges are shared by all the beneficiaries of the regional transmission assets. Therefore, the petitioner and for that matter any other constituent of Southern Region, cannot escape from its liability to share the transmission

charges for the regional assets within Eastern Region, they being among the beneficiaries of Eastern Region.

14. The Commission has already issued the discussion paper on the tariff norms to be applicable with effect from 1.4.2004. The staff of the Commission has also prepared the concept paper on open access in the inter-state transmission, which is also proposed to be heard as a petition. In these papers, the question of sharing of transmission charges for regional assets by the beneficiaries outside the region is raised. The Commission will take a final view after considering the suggestions/comments received from different stakeholders. The view to be taken by the Commission on the issue, will apply from 1.4.2004. So far as the period up to 31.3.2004 is concerned, we direct that transmission charges shall be shared in accordance with the notification dated 26.3.2001 as amended.

15. In order to avoid any ambiguity, we sum up the conclusions arrived at by way of clarifications areas under:

- (a) 50% of the transmission charges for the inter-regional assets shall be shared by the constituents of the exporting region and the balance 50% of these charges shall be shared by the constituents of the importing region. This will, however, not apply in the case of constituents of North-Eastern Region, who are liable to transmission charges @ 35 paise per unit of the energy transmitted in terms of the UCPTT scheme.**
- (b) The transmission charges on account of inter-regional assets shall not be shared by the constituents of the region not utilising the particular inter-state transmission asset.**
- (c) The transmission charges for the regional transmission assets shall be pooled and shared by the constituents of the exporting as well as the**

importing regions in the ratio of allocation of power from the generating stations in the exporting region.

16 With the above, Petition No. 15/2003 stands disposed of.

17. Copy of this order shall be sent to all SEBs/Sate Utilities, Member Secretary, REBs and the Officers-in-charge of RLDCs for their information as the issues clarified in this order will have their implications on the constituents of other regions as well.

Sd/-
(K.N. SINHA)
MEMBER

Sd/-
(ASHOK BASU)
CHAIRMAN

New Delhi dated the 3rd September, 2003