

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 1/2010 (Suo-motu)

**Coram: Dr. Promod Deo, Chairperson
Shri R. Krishnamoorthy, Member
Shri S. Jayaraman, Member
Shri V.S. Verma, Member**

Date of hearing: Suo Motu

Date of Order: 8.1.2010

In the matter of

Rate of Congestion charge in real time operation in inter-State transmission of electricity.

ORDER

The Commission has notified the Central Electricity Regulatory Commission (Measures to relieve congestion in real time operation) Regulations, 2009(hereinafter "the Congestion charge regulations") on 24th December, 2009. Regulation 5 of the Congestion charge regulations provides that the Commission may from time to time, through an Order, specify the rate of congestion charge applicable to whole or a part of the region.

2. The rationale behind applying congestion charge is to ensure stability and security of the transmission system. Hence it is imperative that all possible grid conditions due to over drawl during system constraints at a frequency less

than 50 Hz need to be curbed. As the Unscheduled Interchange charge at or just below 50 Hz. Is low, there is no commercial deterrent for the overdrawing State at this frequency to reduce overdrawal, though congestion may exist in the transmission corridor between importing and exporting areas/regions. In order to address the situation, the charge for energy drawn from the grid at normal frequency at or just below 50 Hz. Through a congested transmission corridor should be fixed high enough to discourage over drawl from the grid.

3. Prima facie we are of the view that the rate of congestion charge should be kept a little higher than the difference between the maximum Unscheduled interchange (UI) charge (which also denotes the max. Energy charge on liquid fuel) and the UI price at 50.0 Hz, as specified in the Central Electricity Regulatory Commission (Unscheduled Interchange charges and related matters) Regulations, 2009. In this way the congestion charge plus the UI charge will be higher than the maximum energy charge of the liquid fuel based power plants, which will serve as deterrent for over drawl by the regional entities at a frequency below 50 Hz through a congested transmission corridor and will incentivize the utilization of all generation on liquid fuel in the over drawing Region/State, if any, thus relieving congestion. If the UI charge plus congestion charge is higher than the energy charge of the liquid fuel based generation, then the overdrawing regional entity would find it commercially advantageous in increasing liquid fuel generation in the State instead of overdrawing from the grid.

4. Accordingly, the Commission proposes that the congestion charge shall be equal to difference of Maximum UI charges and UI charges at 50 Hz as per prevailing CERC (Unscheduled Interchange charges and related matters) Regulations. At present the Maximum UI charge is Rs.7.35 and UI charge at 50 Hz is Rs. 1.92 per kWh and the difference between the two comes to Rs. 5.43 per kWh. Accordingly, Congestion charge is proposed to be fixed at Rs. 5.45 which will be applicable to all regions.

5. It is important to note that at a frequency greater than 50 Hz, the congestion would not be caused by the overdrawing utility but by the utility injecting power into the congested transmission corridor and the congestion charge would instead be applied on the injecting utility. The detailed procedure for levy of congestion charge is given in the Congestion Charge Regulations. For the injecting utility, the remedy would be to reduce injection through reduction of generation in its control area.

6. Comments /suggestions of the stakeholders on the above proposal are invited by 20.1.2010. We direct that the matter be notified for hearing on 25.1.2010 before taking a final decision regarding the rate of congestion charge.

Sd/-
[V. S. Verma]
Member

sd/-
[S. Jayaraman]
Member

sd/-
[R. Krishnamoorthy]
1Member

sd/-
[Dr. Pramod Deo]
Chairperson