adani

Ref APL/CERC/05032012
Date Mar 05, 2012

The Secretary
Central Electricity Regulatory Commission
3rd & 4th Floor, Chanderlok Building
36, Janpath
New Delhi – 110 001

Subject: APL's Comments on Draft CERC (Sharing of inter-State Transmission Charges and Losses) (Second Amendment) Regulations, 2012

Dear Sir

This has reference to your public notice dated February 14, 2012 inviting comments/suggestions/ objections on the Draft Amendment to CERC (Sharing of inter-State Transmission Charges and Losses) (Second Amendment) Regulations, 2012 u/s 178 of the Electricity Act, 2003.

We enclose our comments/ Suggestions on the same for your perusal and kind consideration.

Thanking you,

Yours faithfully,

Jignesh Langalia
Senior Manager

Adani Power Ltd
Achalraj
Opp Mayor Bungalow, Law Garden
Ahmedabad 380 006
Gujarat, India

Tel +91 79 2555 7555
Fax +91 79 2555 7177
info@adani.com
www.adani.com

Registered Office: Shikhar, Nr. Mithakhali Circle, Navrangpura, Ahmedabad 380 009, Gujarat, India

Clause No	Proposed Amendment/Insertion	Comments/ Suggestions
New Clause 2(1) (p1)	Natural inter-State transmission line means and includes those transmission lines which are physically connected at one end to one state and at other end to another state	In order to bring transmission lines carrying inter-state power in the ambit of Sharing regulation irrespective of its ownership and nature, the Hon'ble CERC has proposed to introduce 'Natural inter-State transmission line' and also amended the definition of 'Yearly Transmission Charges' to incorporate Annual Transmission Charges of such line for recovery from system beneficiaries. In Explanatory Memorandum, it is mentioned that POSOCO has prepared a list of such lines. Since, the same has not been made available with the draft, it is not clear whether ±500 kV Mundra-Mohindergarh HVDC transmission lines and 400 kV D/C Mundra-Dehgam transmission line constructed by Adani Power Ltd. (APL) are included therein or not. Even though these lines were developed as dedicated lines, they no longer remained dedicated because of their connectivity with Gujarat STU, Haryana STU and WR & NR CTU and flow on these lines cannot be restricted. These lines also fulfil the criteria mentioned in the definition. Hence, we request the Hon'ble Commission to incorporate APL's above mentioned network as 'Natural inter-State transmission line' and issue suitable amendment / clarification to this effect, if necessary.
2(1) (y)	**'Yearly Transmission Charge (YTC)'** means the Annual Transmission Charges for the existing and new transmission assets of the inter-State transmission licensees, deemed ISTS Licensees, owners of the natural inter-State lines and owners of the non-ISTS lines certified by Regional Power Committees for inter-State transmission of power, determined by the Appropriate Commission under section 62 of the Act or adopted by the Appropriate Commission under section 63 of the Act or as otherwise provided in these Regulations"	The Hon'ble CERC has proposed to include Annual Transmission Charges of 'Natural inter-State transmission line' in the 'Yearly Transmission Charges'(YTC). However, clarity is required regarding norms to be followed for determination of Annual Transmission Charges for such lines. In order to maintain uniformity of the Annual Transmission Charges, we suggest determination of Annual Transmission Charges of such lines based on CERC (terms & Conditions of tariff) regulations, 2009 as amended from time to time and request to incorporate suitable amendment in the definition of YTC.

RAVINDER

सत्यमेव जयते

D.O. No. M(PS)/Misc./2012

दूरभाष (का.)
TELEPHONE (O)
TELEFAX (O)
सदस्य
तथा पदेन अपर सचिव भारत सरकार
केन्द्रीय विद्युत प्राधिकरण
सेवा भवन, रामकृष्ण पुरम्
MEMBER
& EX-OFFICIO ADDL. SECRETARY TO THE GOVERNMENT OF INDIA
CENTRAL ELECTRICITY AUTHORITY
SEWA BHAWAN, R.K. PURAM
नई दिल्ली - 110066
NEW DELHI-110066

Dated: 5th March, 2012

Dear Shri Bansal,

Kindly refer to your Notification No. L-/(3)/2009-CERC dated 14th February, 2012 proposing amendments to CERC Regulations on sharing of Inter-State transmission charges and losses.

While we are in full agreement with the views/ suggestions of NLDC already sent to you, we would like to emphasis the following points:

For the year 2011-12, the PoC rates were published considering a single scenario based on average generation and demand data published by CEA in the absence of nodewise forecast data for different scenarios from the DICs. Reliable nodewise forecast data for 5 seasons in peak and non-peak scenario is not available.

We would like to mention that the coming future i.e. up to 2015, a huge transmission capacity addition is going to take place as the construction of various high capacity corridors is in progress for evacuating power from the generation clusters mostly in the eastern region. There is likely to be progressive increase in inter state transmission charges in these years. Had there been large number of regional pools and sub-pools, there would have been considerable volatility in transmission charges and pancaking of losses. However, due to the introduction of PoC mechanism, the transmission charges would be shared on national basis and pancaking of losses has been totally removed. This is the most important feature of PoC mechanism. If different PoC charges are computed for multiple scenario rather than a single scenario, it may lead to disputes due to lack of reliable data and extreme volatility from season to season in the transmission charges.

The transmission prices should provide a stable signal for market participants to plan their procurement of power with reasonable certainity. The procurement of power under Case-I bidding involves evaluation of transmission charges up to the electrical boundary of the procuring State. If seasonal pricing is introduced for inter state transmission charges the evaluation of bids for 25 years for procurement of power under Case-I bidding would become very complicated and cumbersome.

In view of the above, we recommend the continuation of three slab rates computed for a single scenario for the entire year based on average generation and demand data until sufficient experience has been gained.

Moreover, considering that PoC method is now in vogue, adjustment of MTOA/STOA charges need not be limited to LTA granted to a target region without identified beneficiary. In order to encourage the transmission users to apply for LTA without fear of double charging, so that new transmission system gets created, the benefit of adjustment may be given to the long term transmission customers irrespective of target region.

With regards,

Yours sincerely,

(Ravinder)
5/3

Shri Rajiv Bansal,
Secretary
Central Electricity Regulation Commission
3rd & 4th Floor, Chanderlok Building
36, Janpath
New Delhi-110001

Copy to:

1. Shri V.S. Verma
   Member,
   CERC,
   3rd & 4th Floor, Chanderlok Building
   36, Janpath
   New Delhi-110001

2. Shri S.K. Soonee
   CEO,
   POSOCO

RP - Sanjiv Goenka Group

Growing Legacies

CESC LIMITED

CORP:SERV:1639

The Secretary
Central Electricity Regulatory Commission
3rd & 4th Floor, Chanderlok Building
36, Janpath,
New Delhi – 110 001

Dear Sir,

Comments on the draft amendment to Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010

This has reference to the public notice No.L-1/(3)/2009-CERC dated February 14, 2012 on the above.

Following implementation of the Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2010 (hereinafter "the Sharing Regulations"), inter-State transmission charges have been increased manifold for a no. of stake holders and that ended up steep rise in retail tariff.

As per the Sharing Regulations, 50% of the Yearly Transmission Charge of the ISTS Licensees is recovered through Hybrid methodology and the balance 50% is recovered based on Uniform Charge Sharing Mechanism. Our submission is that the Hon'ble Commission may review the weightages and reduce the percentage of recovery through Hybrid methodology so that the impact is reduced. The Hon'ble Commission may review the weightages in the ensuing years for gradual transition to the new concept.

The Hon'ble Commission in paragraph 1.3 of the Explanatory Memorandum to the draft Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) (Second Amendment) Regulations, 2012, mentioned that there is a need to remove anomaly. We submit that the nodal agency may be directed to detect anomalies and place for validation prior to arriving at PoC charges. Further, as per provisions of the

Sharing Regulations, Designated ISTS Customers are required to submit data including MW and MVAr for injection or drawal at various nodes or a group of nodes under different conditions and periods. In case such data are not submitted in due time, the computations based on certain assumptions may not reflect the proper charges as intended in the Regulations. Since such various anomalies/difficulties still persist, the Hon'ble Commission may review the weightages and reduce the percentage of recovery through Hybrid methodology. The transmission charges may be computed based on [25%] weight to the Hybrid method and [75%] weight to the uniform charge sharing mechanism.

As per the provision of the Sharing Regulations, there is no transmission charges for the use of ISTS network for solar based generation. Transmission losses for the use of ISTS network are also not attributed to solar based generation. We submit that the Hon'ble Commission may provide some dispensation for other renewable sources for use of ISTS network.

The Hon'ble Commission may remove slab systems in transmission charges for long-term and medium term transactions. The slab system has increased transmission charges for a no. of stake holders than that payable as per the Sharing Regulations and has created disparity amongst stake holders in regards to transmission charges payable. However, the transmission losses and short-term transmission charges may be as per slab systems for convenience.

We are at your service for any further clarifications which may be required for rendering meaningful assistance to the Hon'ble Commission.

Yours faithfully,

Vice President - Regulatory Affairs

BEFORE CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

IN THE MATTER OF:

NOTIFICATION (DRAFT) vide No. L-I/3/2009-CERC Dated the 14th February 2012 [Short title and commencement: .(1) These Regulations may be called the Central Electricity Regulatory Commission (Sharing of inter-state Transmission Charges and Losses) (Second Amendment) Regulation, 2012]

VIEWS OF GRIDCO ON DRAFT REGULATION (SHARING OF INTER-STATE TRANSMISSION CHARGES AND LOSSES) (SECOND AMENDMENT) REGULATION, 2011

1. Amendment to Regulation 2 of Principal Regulations:

(1) GRIDCO is of the view that any overload capability above the Installed Capacity for both Hydro and Thermal shall not be considered for Injection. **The proposed amendment should be made effective from 01.07.2011.**

(2) GRIDCO is of the view that any overload capability above the Installed Capacity for both Hydro and Thermal shall not be considered for Drawal. **The proposed amendment should be made effective from 01.07.2011**

(3) Any assignment from time to time other than mandated regulations should be made through Public Hearing where all the DICs should made a party The computation and allocation of charges along with the load flow study shall be displayed /uploaded by the implementing agency on their website and call for suggestion from the DICs. The suggestion of the DICs should be placed before the Commission and Commission should hear the DICs before according approval to the transmission charges..

(4) As per amendment (1) of the Regulation, Non-ISTS lines used for import/export of Inter-State Power shall be certified by ERPC if more than 50% of power shall be carried by the line. Further addition may be incorporated in the aforesaid provision that if there is an Agreement between the DICs and the STU/SEB for carrying the inter-state power to outside State, the proportion cost of the line of the STU shall be recovered through PoC method and disbursed to the STU/SEB.

(5) For load PoC, Zones have been identified within the State boundary and hence assets should have been calculated Zone Wise. While computing the PoC Rates, Commission must consider the Transmission Charges of the assets those are being actually used by a DIC. In case of Odisha hardly 10% to 20% of the ISTS line is being used for drawing the State Share of Power from ISGS Station and the monthly Transmission charges will be about 2 to 3 Crs. Commission must ensure that the Transmission Charges levied must satisfy the objectives of National Tariff Policy, which stipulates that the Transmission Tariff must be sensitive to Distance, Direction & Quantum of flow.

3. **Amendment to Regulation 7 of Principal Regulations:-**

(1) GRIDCO do not agree with the Slab Rate concept as proposed by CERC. The Transmission Charges should be levied with actual PoC rate on the actual usage basis. As stated in the Statement of reasons dtd 11.06.10 the variation between Average Participation Method was from (Rs 2.79-53.61 lakh/MW) where as the range of transmission access charges in the Hybrid method varies from (Rs 2.98-Rs 17.75 laks/MW) and with imposition of slab rates the variation becomes much lesser than above value. It may be concluded that with implementation of marginal participation and slab rate concept, one State with higher slab rate is cross-subsidized by a State with lower slab rate. For e.g as per CERC Order Dtd 29.06.11 at Annexure 1 the final PoC rate for Andhra Pradesh injection was Rs 3,11,496/- (Rs/MW/Month) but the same was reduced to Rs 1,10,000/- (Rs/MW/Month) where as the Talcher injection Poc Rate has been raised from Rs 58,011 (Rs/MW/Month) to Rs 80,000 (Rs/MW/Month) which illustrates the phenomenon of cross subsidization.

(2) The load flow study must be uploaded in the website of Implementing Agency in a transparent manner prior to the Implementation for an application period.

(3) The Yearly Transmission Charge considered during calculation of Zonal rate in Rs/MW/Month should be zone wise within the geographical boundary of the state.

(5) The detail calculation of PoC injection rate for interconnection of an inter-state Generating Station (ISGS) in different area basing on which views can be given

(7) Consideration of Slabs for Transmission losses is not agreed by GRIDCO. The loss calculation should be on actual basis.

(8) The PoC charges should be levied on the usage of the lines rather than LTA considered as adopted now in raising bills.

6. Amendment to Annexure of the Principal Regulations:

(2) GRIDCO agrees to the proposal of CERC to bear the PoC injection charge for 200MW share allocated at the PoC injection rate of Talcher-II Station as per sharing mechanism in NEW Grid. However, Gridco has objection on 1:1 sharing for Gazuwaka back-to-back HVDC link between NEW Grid and SR Grid. Considering the flow pattern for a smaller period and sharing the same between NEW Grid and SR Grid appears to be incorrect. Control of HVDC Gazuwaka is at SR end. The power is mostly injected into NEW Grid during off-peak hours and drawn from NEW Grid during peak hours. Further, the inclusion of such charge contradicts the earlier CERC Order dtd 28.03.08 which was formulated considering the flow pattern between ER and SR Region. Hence, the entire cost of the Gazuwaka HVDC line should be borne by Southern Region.

PRAYER

In view of the above, GRIDCO earnestly prays that the Hon'ble Commission may kindly take into cognizance of the above facts as submitted by GRIDCO and accordingly, be pleased to:

- Re-examine the computation methodology to make the transmission tariff sensitive to Distance & Direction & quantum of flow as stipulated in the National Tariff Policy in true sense of the term. **The above filing is without**

prejudice to the contentions/ right raised by GRIDCO before the Hon'ble High Court of Orissa in WP(C) No. 29250 of 2011, which is pending for adjudication.

- We continue to maintain that the PoC methodology is fundamentally flawed in its concept as well as design and is contrary to public interest as far as Electricity consumers are concerned and hence should not be implemented in its present form.

For and on behalf of

(S. R. Sarangi)

(Liaison Officer)

GRIDCO Limited

Place: New Delhi

Date:-5th March 2012

BEFORE THE CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

IN THE MATTER OF:

NOTIFICATION (DRAFT) vide No. L-1/3/2009-CERC Dated the 14th February 2012 [Short title and commencement: (1) These Regulations may be called the Central Electricity Regulatory Commission (Sharing of inter-state Transmission Charges and Losses) (Second Amendment) Regulation,2012]

AFFIDAVIT

I Sri S. R. Sarangi Son of Late Panchanan Sarangi aged about 50 years resident of D/2 – 2028, Vasant Kunj, New Delhi do hereby solemnly affirm and state as under:

- That I am the Liaison Officer of GRIDCO Ltd and I am fully conversant with the facts and circumstances of the case and I have been duly authorized and am therefore competent to affirm this affidavit.
- The Statements made in all the paragraphs are based on information and I believe them to be true.

Sanjaya Ranjan Sarangi
DEPONENT

VERIFICATION

I the deponent above named do hereby verify that the contents of my above affidavit are true to my knowledge, no part of it is false and nothing material has been concealed there from.

05 MAR 2012

Verified at New Delhi on 5th Day of March 2012

Sanjaya Ranjan Sarangi
DEPONENT

I Identity the Deponent who has Signed/put L.I.T. in my presence

NOTARY
Neelam Sharma
DELHI
Regd. No.
8227
GOVT. OF INDIA

ATTESTED

NOTARY PUBLIC
DELHI (INDIA)

05 MAR 2012

NOTARY
Neelam Sharma
DELHI
Regd. No.
8227
GOVT. OF INDIA
NOTARIAL

(5)

GUJARAT URJA VIKAS NIGAM LIMITED

Sardar Patel Vidyut Bhavan, Race Course, Vadodara 390007

Tele. No. : 0265-2310582 to 86 (PBX)
Fax : 0265-2344543, 2337918

Ref. No.: GUVNL : GM (Com.) 603.
Date : 6/3/2012

To,
Secretary,
Central Electricity Regulatory Commission,
3rd Floor, Chanderlok Building,
36, Janpath
New Delhi-110 001

Fax No. 011-23753923

Sub.: Comments / Suggestions of GUVNL on Draft Amendment to Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) (Second Amendment) Regulations, 2012.

Dear Sir,

This has reference to Public Notice dated 14th February, 2012 of the Central Electricity Regulatory Commission seeking comments / suggestions / objections on the Draft Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) (Second Amendment) Regulations, 2012.

In this regard, the views / suggestions of GUVNL on the Draft regulations to amend the Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2010 is as under:

(1) Transmission Deviation Charges:

Hon'ble CERC through order dated 29th June, 2011 for Removal of difficulties for giving effect to certain provisions of the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 at para-3 has decided that, "For the injection up to 20% more than that of approved injection + approved additional medium term injection + short term injection, the transmission charges at the same rate would be applicable and these will be shared by long term customers of the generator". Accordingly, the injection deviations up to 20% of approved total injection is being accounted and billed to long term customers of the Generator.

This provision needs to be amended by Hon'ble CERC and the deviation limit of 20% of approved injection + approved additional medium term injection + short term injection up to which deviation charges are to be borne by long term customers of the generator needs to be reduced to 5% only, subject to such availability declaration by generator to the long term beneficiary (in line with provision of UI Regulation where a generator is allowed 105% injection in a particular time block) or else the generator has to bear the deviation transmission charges because there could be certain generators connected to

ISTS which may have tied up only a part of the total installed capacity through long term PPA (thus having long term customer) and balance may be utilized as merchant capacity. Such generator may inject power out of the merchant capacity beyond the total approved injection and deviation charges in such case will be accounted to the long term customer, to whom the generator may have given declaration up to contracted capacity only. Thus, the long term customer may avail availability / scheduled power up to contracted capacity but land up paying for transmission deviation charge towards injection out of merchant capacity within generator capability curve. Further, such additional injection up to 120% of total approved injection by such generating stations having long term customers for part capacity shall result in additional earning to generator through Unscheduled Interchange charges and secondly such injection more than approved injection + approved additional medium term injection + short term injection shall not be allocated to the its long term, medium term or short term open access customers.

Accordingly, it is humbly submitted that Hon'ble CERC may consider amendment of the deviation limit of 20% of approved injection + approved additional medium term injection + short term injection up to which deviation charges are to be borne by long term customers of the generator to 5% only, subject to such availability declaration by generator to the long term beneficiary, otherwise the corresponding transmission deviation charge needs to be borne by the generator only.

(2) **Deviation transmission charges in case of Generators who are granted Long Term Open Access but have not identified beneficiaries:**

Certain generator(s) have been granted long term open access by CTU based on target beneficiaries / region and such generator(s) have not signed any long term PPAs with any beneficiary(ies). In case the long term open access is part of the total installed capacity and the generator(s) is also granted medium term / short term open access for the balance capacity, it is necessary that while working out the transmission deviation charges of such generators the approved total injection should be considered as sum of approved medium term and approved short term because the generator may claim off-set of medium term / short term against the long term open access as per the provisions of the Regulation and will not have to pay the transmission deviation charges if the approved total injection is considered as approved injection + approved additional medium term injection + short term injection. Accordingly, it is proposed that Hon'ble Commission for such cases may modify the regulation whereby total approved injection is considered as approved injection plus approved additional medium term injection plus short term injection less quantum of off-set of medium term & short term allowed against long term open access for which beneficiaries are not identified.

Hon'ble Commission is requested to kindly incorporate above suggestion through suitable provision in the draft regulation so that transmission deviation

of such generator(s) is worked out on quantum excluding off-set quantum against long term open access without identified beneficiaries.

(3) Certification of Non-ISTS lines by RPC:

In the Explanatory Memorandum to the draft Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) (Second Amendment) Regulations, 2012 at para 3.5, it is stated that, "For certifying intra-State lines used for inter-State transmission of power, the Commission is not inclined to consider them, up till a proper methodology has been devised. This requires discussions with the RPCs and technical consultations with IIT, Mumbai, if required. Therefore, for the time being, all intra-State transmission lines which were certified for carrying inter-State power prior to 15.6.2010, would continue to be dealt in the same manner, as they were being dealt with, as mentioned in the first amendment to the Sharing Regulations".

On this issue it is humbly submitted that there are Central Sector Generating stations like Kawas Gas based station (656 MW) of NTPC and Kakrapar Atomic Power Station (440 MW) of NPCIL located within the State of Gujarat which are injecting power at 220 KV voltage level through CTU lines terminating in sub-stations of STU and thereafter STU network is being utilized. The allocation of Gujarat from these stations is 187 MW and 125 MW respectively and the balance capacity is allocated to various other WR beneficiaries. Although, power flow is through displacement but for transfer of such balance quantum the STU network is notionally utilized. In order to capture utilization of STU network for inter-state power, Hon'ble Commission is requested not to drop the provision regarding certification by RPCs until proper methodology is devised in consultation with RPCs & IIT so that STUs are compensated for the lines carrying inter-state power.

Hon'ble CERC is humbly requested to consider above suggestions / comments of GUVNL while finalizing the Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) (Second Amendment) Regulations, 2012.

Thanking you,

Yours faithfully,

(S. B. Khyalia)
Executive Director (Fin.)

LANCO
Always Inspiring

LKPL:CERC: 3574 :2012

28th February, 2012

The Secretary

Central Electricity Regulatory Commission (CERC)

3rd & 4th Floor, Chanderlok Building

36, Janpath

New Delhi – 110 001

Dear Sir,

Sub: Comments on the Draft Second Amendment ("**Draft Amendment**") to CERC (Sharing of inter-State Transmission Charges and Losses) Regulations, 2010 ("**Principal Regulations**").

1. We herewith write in reference to the Draft Amendment issued by this Hon'ble Commission issued on 14th February 2012 inviting the comments on the same from the various stakeholders.

2. It is stated that we are a power generating company and a Designated ISTS Customer as defined under regulation 2(1) (I) of the Principal Regulations. We are currently in the operating a 350 MW Gas Based power plant connected to the ISTS network as Vijayawada.

3. We have been granted Connectivity and Long-term Access by CTU under the relevant provisions of the applicable Regulations for evacuation and transmission of the power from the Project and accordingly we have executed various necessary agreements with CTU.

4. We have examined the provisions of the Draft Amendments and would like to submit out comments and suggestions with respect to the same, as set out below:

4.1 The draft amendment to Para (iv) under sub-clause (t) of clause (1) of Regulation 7 of the Principal Regulations state that:

"(iv) An inter-State Generating Station (ISGS) directly connected to the 400 kV inter-State Transmission System shall be treated as a separate zone and shall not be clubbed with other generator nodes in the area, for the purpose of calculation of PoC injection rate:

Lanco Kondapalli Power Limited

Registered Office : Lanco House, Plot No.4, Software Units Layout, HITEC City, Madhapur, Hyderabad-500 081, A.P., India.
T+91-40-4009 0400 **F**+91-40-2311 8444 **E** lkpl@lancogroup.com
Plant Office : IDA, Kondapalli, Ibrahimpatnam Mandal - 521 228, Krishna District, A.P., India
T +91-866-2872 804 **F**+91-866-2872 801
www.lancogroup.com

Provided that in case of a merchant power plant in a State connected to the 400 kV inter-State Transmission System, with zero LTA or part LTA to a DIC in another State, the entire merchant capacity plus the LTA to the DICs in other States shall be considered to arrive at the PoC injection rate."

Comments

Allowing each 400 kV bus to be a separate injection zone is a positive development which better reflects the network usage by each generator. As per the PoC computations done for the year 2011-12 by IA, these charges for the nodes in Andhra Pradesh are: (1)

Table 1: Point of Connection Tariff for Andhra Pradesh

Point of Connection Tariff for Andhra Pradesh									
Bus Name	**Owner**	**Area**	**Zone**	**Generator PoC (Rs./MW)**	**Load PoC (Rs./MW)**	**Generation (MW)**	**Load (MW)**	**Generation Nodal Charges (Rs)**	**Demand Nodal Charges (Rs)**
BOOTHPUR	AP_ISTS	AP	AP	0	59309	0	138	0	8184704
BPLPALLI	AP_ISTS	AP	AP	26300	0	393	0	10335993	0
CHITOOR4	AP_ISTS	AP	AP	0	79899	0	220	0	17577754
CHNKMPLY	SR_CTU	SR_CTU	AP	0	60065	0	123	0	7387960
CNP-FSC1	SR_CTU	SR_CTU	AP	0	0	0	0	0	0
CNP-FSC2	SR_CTU	SR_CTU	AP	0	0	0	0	0	0
DICHIPLY	AP_ISTS	AP	AP	0	3642	0	234	0	852165
GAJWEL	AP_ISTS	AP	AP	0	21078	0	199	0	4194538
GAUTAMI	AP_ISTS	AP	AP	40018	0	410	0	16407440	0
GHANAPUR	SR_CTU	SR_CTU	AP	0	24612	0	578	0	14225830
GMR	AP_ISTS	AP	AP	40176	0	304	0	12213580	0
GOOTY	SR_CTU	SR_CTU	AP	0	45001	0	183	0	8235161
JEGRUADU	AP_ISTS	AP	AP	40165	0	140	0	5623108	0
KALPAKKA	AP_ISTS	AP	AP	0	731	0	210	0	153454
KHAMMAM	SR_CTU	SR_CTU	AP	0	16342	0	97	0	1585192
KONSEEMA	AP_ISTS	AP	AP	40037	0	350	0	14013089	0
KTPS	AP_ISTS	AP	AP	34520	0	400	0	13808048	0
KURNOOL	AP_ISTS	AP	AP	0	37845	0	345	0	13056556
LANCO4	AP_ISTS	AP_ISGS	AP	39089	0	350	0	13681072	0
MALKARAM	AP_ISTS	AP	AP	0	28289	0	423	0	11966192
MMDPALLI	AP_ISTS	AP	AP	0	20572	0	757	0	15572886
NELLORE4	SR_CTU	SR_CTU	AP	0	54243	0	273	0	14808418
NUNNA	SR_CTU	SR_CTU	AP	0	14418	0	216	0	3114360
RGMNTPC	NTPC	AP_ISGS	AP		3594		771	0	2771327
SIMHADRI	AP_ISTS	AP	AP	41596	0	960	0	39932562	0
SIMHDRI2	AP_ISTS	AP_ISGS	AP	43826	0	435	0	19064499	0
SRLMLB	AP_ISTS	AP	AP	40246	0	220	0	8854176	0

Point of Connection Tariff for Andhra Pradesh									
Bus Name	**Owner**	**Area**	**Zone**	**Generator PoC (Rs./MW)**	**Load PoC (Rs./MW)**	**Generation (MW)**	**Load (MW)**	**Generation Nodal Charges (Rs)**	**Demand Nodal Charges (Rs)**
TALPALLI	SR_CTU	SR_CTU	AP	475956	0	21	0	9995083	0
VEMAGIRI	AP_ISTS	AP	AP	0	5649	0	267	0	1508258
VTS-IV	AP_ISTS	AP	AP	0	6465	400	135	0	872729
WARANGAL	SR_CTU	SR_CTU	AP	0	17	0	213	0	3560
						4383	5382	163928650	126071045

According to the above table, row 21 (Lanco4) – which is the Lanco Kondapalli node, the total injection charges are Rs. 13681072 (column 9) for an injection of 350 MW (column 7), which works out to Rs 39089/MW/month. ***Therefore according to the pure AP-MP Hybrid method – which reflects the distance, direction and quantum sensitivity, the charges for Lanco Kondapalli are Rs 39089/MW/month only.***

However, not only Lanco Kondapalli but all the generators shown in Table-I above use the ISTS network. Their usage of the ISTS is quantified by the amounts mentioned in column 9 of the above table. The amendment allows for calculation of "rates" for such generators connected at 400 kV only to the extent of their LTA outside the state plus any merchant capacity. Further, such generators will be charged by multiplying their rates with the LTA to any DIC outside the state. This will lead to under-recovery on two accounts:

(a) It is clear that all the generators – mentioned in Table-I, even if they have an LTA with the home state use ISTS. In fact, the genesis of the PoC mechanism is that these charges are based on "physical flows" in the network and not on "contracts". The above Table-I, which has been put together based on the data for PoC charges for 2011-12 on NLDC's website, clearly reflects that generators that have a positive entry in column 9 use the ISTS network. The monetized value of ISTS by such generators is reflected in column 9. **If such generators are not charged because they have LTA with the home state, then there will be "under recovery".** ***Not only is this under-recovery inefficient because it allows generators to use transmission resource without having to pay for it, but to make good this under-recovery, the charges of other generators that have LTAs outside the state will have to be scaled up. Thus, such generators which have LTAs outside the state will be paying more than their usage of the network. This amounts to the likes of Lanco Kondapalli to cross-subsidize other generators who are supplying to their home states.***

(b) When the rates are computed based on the sum of LTA with DICs outside the state and the merchant capacity, and charges are based (for the first part of the bill) only on the extent of LTA, there will be under-recovery.

The amount which is not recovered from such generators would be recovered by scaling up the charges of generators like Lanco Kondapalli which are directly connected in the ISTS network.

Suggestions:

Ideally both the rates and charges (as required in the first part of the bill) should be computed based on the injections / withdrawals from the grid as used in the underlying Load Flow analysis and as reflected in columns 7 and 8 of the Table –I.
However, we are aware that certain stakeholders have pointed that LTA has to be used in defining "Approved Injection" and "Approved Withdrawal". In this light the above regulation can be modified as:

"(iv) An inter-State Generating Station (ISGS) directly connected to the 400 kV Transmission System shall be treated as a separate zone and shall not be clubbed with other generator nodes in the area, for the purpose of calculation of PoC injection rate:

Provided that in case of a merchant power plant in a State connected to the 400 kV Transmission System, with zero LTA, the entire merchant capacity shall be considered to arrive at the PoC injection rate."

5. The draft amendment regulations propose change in the table under para 2.8.1 of Annexure to the Principal Regulations as

Table 2: Computation of PoC Rates
ZZ zone computation in a particular scenario:

	Transmission Charge (₹/month)	Approved Injection/ Approved withdrawal*(MW)	Zonal Transmission Rate (₹/MW/month)
PP	45,00,000	250	70,000
AA	50,00,000		
KK	80,00,000		
ZZ - Zone	**1,75,00,000**	**250**	

This amendment is a subversion of the concept of utilization – which is supposed to be captured by the PoC mechanism. The transmission charges for nodes, PP, AA and KK above are "true" if the injection is as used in the Load Flow Analysis. The computation of Zonal Transmission Rates – which are supposed to send signals for utilization of the network – get distorted if any other number is used to compute these rates. For example, if at node AA and actual injection as per the load flow analysis of 1000 MW causes transmission charges of INR 50,00,000 per month, then it is not only imprudent but also unfair to determine a rate based on an approved injection of 250 MW.

Rea

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6. We trust that the Hon'ble Commission would appreciate the genuine merits set out in our comments above and would review the same favourably while finalising the final amendment to Principal Regulations.

Thanking You,

Yours faithfully,
for **Lanco Kondapalli Power Limited**

Rakesh Kumar Gupta

Chief Operating Officer

MAHAVITARAN (TM)
Maharashtra State Electricity Distribution Co. Ltd.

Ref. No. MSEDCL/CE/PP/CERC/ 5627

Date: 05.03.2012

To,

The Secretary,
Central Electricity Regulatory Commission
3 rd & 4 th Floor, Chanderlok Building,
36,Janpath, New Delhi- 110001
Fax: 91-11-23753923

Sub: Draft Amendment to Central Electricity Regulatory Commission (Sharing Of inter-State Transmission Charges and Losses) Regulations, 2010

Ref: L.No. L-1/3/2009-CERC dated 14.02.2012

Dear Sir,

Vide letter under reference, Central Electricity Regulatory Commission has put forth draft Amendment to Central Electricity Regulatory Commission (Sharing Of inter-State Transmission Charges and Losses) Regulations, 2010 and requested for comments / suggestions / objections on the same to be sent to them by 5th March 2012.

MSEDCL's comments on proposed amendment is as follows:

1. Amendment to Regulations 2 of Principal Regulations:

The Draft Amendment to Regulation2 of the Principal Regulations on Sharing Of inter-State Transmission Charges and Losses, 2010 proposes that

The following proviso shall be inserted under sub-clause (c) of clause (1) of Regulation 2 of the Principal Regulations:

"Provided that the overload capability of 105% of the installed capacity (MW) for thermal generating stations and 110% of the installed capacity (MW) for hydro generating stations shall not be used for calculating the approved injection under long term access (LTA)."

It is to submit in this regard that :-

The amount, so far billed on the beneficiaries / State Electricity Boards in their monthly POC charges bills towards injection POC charges considering the overload capability of 105% of the installed capacity (MW) for thermal generating stations and 110% of the installed capacity (MW) for hydro generating stations for calculating the approved injection under long term access (LTA), shall be refunded to beneficiaries / State Electricity Boards retrospectively.

2. Amendment to Regulations 10 of Principal Regulations:

The Second Para of the amendment to the Regulation 10 proposes *that "RPCs shall, based on Regulation 10 (1) (d), issued Regional Transmission Deviation Accounts by 15th of every month for the previous month to all Designated ISTS Customers, CTU and other ISTS Transmission Licensees and display the same on the website of the respective RPCs."*

Maharastra State Electricity Distribution Company Limited
5th floor, Prakashgad, Plot No.G-9, Bandra (East), Mumbai – 400 051 ■ (P) 26478643, ■ (O) 26474211, Fax-26580645
Email : cepp@mahadiscom.in Website : www.mahadiscom.in

In this regard it is to submit that :-

In the state of Maharashtra, there are at present four distribution licensees. Many of them also could have long / medium term purchases through ISTS system. Many IPPs are also coming up in the state who may enter into contracts with utilities/customers outside the state. There could be Open Access bulk customers/ generators having inter-state contracts also.

In the circumstances, the utility/generator/the bulk customer responsible for the deviations of Maharashtra need to be identified so that the charges for the deviations can be allocated to them.

As per Para No. 18 of the CERC order dtd. 02/06/2011 in the matter of Removal of difficulties for giving effect to certain provisions of the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010, the bill No. 4 which is raised for the deviations would continue to be the responsibility of STU and the STU would be responsible for allocation of the deviations among Discoms.

The STU alone can recover the deviation charges allocated to the various Discoms and open access users in the State of Maharashtra for the use of the ISTS by them. The necessary Back to Back payment security mechanisms can also be obtained by the STU/SLDC from them at the time of grant of Connectivity/ Open Access Approvals, where as MSEDCL, though the only DIC from the state as of now, being just one among the many parties responsible for the deviations can not be responsible for the entire deviation bill of the state. Therefore the Regional Transmission Deviation accounts need to be forwarded to The STU / SLDC by WRPC and they also need to be made a party to the TSA and made responsible for the payment of the deviation bills

MSEDCL therefore submits the following for the kind consideration of the Hon. Commission.

1. That the POC injection charges collected considering overload capability of 105 %/ 110% shall be refunded to beneficiaries / State Electricity Boards retrospectively.
2. That the word "STU" be added in the 2nd Para of the Amendment quoted above.
3. That for the reasons stated above, the STU / SLDC of the states like Maharashtra shall also be made a party to the TSA and responsible for the payment of the deviation bills.

Yours Faithfully,

Chief Engineer (Power Purchase),
MSEDCL

MB POWER (MADHYA PRADESH) LIMITED

Corporate Office: 235, Okhla Industrial Estate, Phase-III, New Delhi- 110020
Tel: +91 11 47624100 Fax: +91 11 47624229

Projects

MBPMPL/MP/Transmission/CERC/2011-12/2014

05 March 2012

The Secretary
Central Electricity Regulatory Commission (CERC)
3rd & 4th Floor, Chanderlok Building
36, Janpath
New Delhi – 110 001

Sub: Comments on the Draft Second Amendment ("**Draft Amendment**") to CERC (Sharing of inter-State Transmission Charges and Losses) Regulations, 2010 ("**Principal Regulations**").

Dear Sir,

1. We herewith write in reference to the Second Draft Amendment issued by this Hon'ble Commission on 14th February 2012 inviting the comments on the same from the various stakeholders.

2. It is stated that we are a power generating company and a Designated ISTS Customer as defined under regulation 2(1) (I) of the Principal Regulations. We are currently in the process of constructing the Phase-1 of 1200 (2x600) MW Thermal Power Project in District Anuppur, Madhya Pradesh (hereinafter referred to as "Project").

3. We have been granted Connectivity and Long-term Access by CTU under the relevant provisions of the applicable Regulations for evacuation and transmission of the power from the Project and accordingly we have executed various necessary agreements with CTU and Transmission Licensee(s).

4. We have examined the provisions of the Draft Amendment and would like to submit our comments and suggestions with respect to the same, as set out in the following pages:

4.1 **a) Page 3 of 6: Insertion of following provisio after first provisio to sub-clause (l) of clause (1) of Regulation 7 of the Principal Regulations.**

"Provided further that there shall be slab rates for injection and demand PoC charges for the year 2011-12 or for such period the Commission may consider appropriate."

b) Page 3 of 6: Insertion of following provisio at the end of sub-clause (s) of Clause (1) of Regulation 7 of the Principal Regulations

"Provided that there shall be slabs for transmission losses in percentage for the year 2011-12 or for such period the Commission may consider appropriate ".

Our Comments: The basic objective of the Principal Regulations was to formulate a transmission pricing mechanism sensitive to distance, direction and quantum of power flow to compute transmission charges and losses based on the actual utilization of each network element by the customers. However, the slabbing of the transmission charges and losses may dilute this very objective of compute transmission charges based on the actual utilization of each network element by the customers. As per the details on the actual transmission charges vis-à-vis the slab rates as enumerated by the Hon'ble CERC in its Order No. L-1/44/2010-CERC dated 29th June 2011, there is a wide variation of actual transmission charges & losses within a slab.

A case to the point being the injection charges for the States like MP, Haryana and Orissa. Based on the various parameters impacting the determination of transmission pricing as like sensitivity to distance, direction and quantum of power as also the power demand-supply scenarios prevalent in these states the actual injection charges arrived through PoC mechanism are as follows:

Madhya Pradesh:	Rs 40,303/MW/Month	**Slabbed to Rs 70,000/MW/Month**
Uttar Pradesh:	Rs 63,112/MW/Month	
Orissa:	Rs 76,352/MW/Month	

However due to the slabbing as per the above referred Hon'ble CERC's order dated 29th June 2011, the injection charges have been standardised to Rs 70,000 MW/Month, due to which a Project located in Madhya Pradesh suffers an unjustifiable and glaring increase of Rs 30,000/MW/Month i.e. a whopping 75% increase in the actual transmission charges. vis-à-vis Uttar Pradesh (11% increase due to slabbing) & Orissa (10% decrease due to slabbing).

Hence, as evident from above, due to slabbing the actual injection charges get skewed in favour of certain states and at the same time renders unwarranted penalty to states like Madhya Pradesh, where our Project is located.

This distortion in actual transmission charges and losses due to slabbing translates into difference of actual transmission charges within one slab translates into a variation of upto 5 paise/unit. This renders a competitive disadvantage during bidding under any Case-I opportunity to a developer whose computed actual transmission charges are significantly less vis-à-vis developer with higher actual computed transmission charges with in a slab. Due to this slabbing our 1200 MW Thermal Power Project being implemented in the district Anuppur of Madhya Pradesh would be at a competitive disadvantage with an annual loss of around Rs 40 Crs which translates into over Rs 1600 Crs over the life of the Project.

Accordingly, it requested that instead of the slabbing, the transmission charges and losses under PoC may be calculated on actual basis as derived from the load flow studies. This is in line with the very purpose and spirit of PoC framework to facilitate fair and transparent competition for case-1 bids by enhancing open access and competition by obviating the need for pan-caking of transmission charges.

Corporate Office: 235, Okhla Industrial Estate, Phase-III, New Delhi- 110020
Tel: +91 11 47624100 Fax: +91 11 47624229

4.2 **Page 4 of 6: Substitution of Para (iv) under sub-clause (t) of clause (1) of Regulation 7 of the Principal Regulations with:**

"An inter-State Generating Station (ISGS) directly connected to the 400 kV inter- State Transmission System shall be treated as a separate zone and shall not be clubbed with other generator nodes in the area, for the purpose of calculation of PoC injection rate:

Provided that in case of a merchant power plant in a State connected to the 400 kV inter-State Transmission System, with zero LTA or part LTA to a DIC in another State, the entire merchant capacity plus the LTA to the DICs in other States shall be considered to arrive at the PoC injection rate."

Our Comments: Currently almost all the major IPPs are being constructed as Inter State Generating Stations (ISGS) which are largely being connected directly to 400 kV/ 765 kV ISTS. With the proposed amendment to treat each such ISGS as a separate zone, carrying out load flow studies for each of such ISGS, determination of participation factors and hence PoC zonal rates and computation the YTC of the same on quarterly basis for both peak and non peak conditions would be a tedious and complicated exercise. This would be even more glaring for the states like Chhattisgarh and Orissa where significant numbers of ISGS are expected to be commission in next 1-2 years.

The underlying intent of the "Process to determine PoC Transmission Charges & Losses allocations" enumerated in the Regulation 7 of Principal Regulations is to create zones comprising of similar nodes in terms of their geographical and electrical proximity, cost etc within the state boundary and calculation of uniform Zonal charges. However, with the above proposed amendment the number of zones would increase exponentially leading to increase in variation in the Injection Charges of various ISGS which are electrically and geographically proximate, thereby creating confusion and complexities in the PoC based transmission pricing mechanism.

Accordingly it is requested that instead of treating each of such electrical and geographical proximate ISGS with in a State boundary as separate zones, the respective pooling stations which are designed to handle generation capacity of more than 1500 MW may continued be treated as separate demand Zones.

However for the limited specific cases where a single or a group of ISGS with a combined long-term access (LTA) of capacity less than 1500 MW is/are connected to the ISTS network, the billing on each of such ISGS may be restricted to their proportionate "Approved Injection" till the time the actual injection in the common pooling station reaches a minimum threshold of 1500 MW.

MB POWER (MADHYA PRADESH) LIMITED

Corporate Office: 235, Okhla Industrial Estate, Phase-III, New Delhi- 110020
Tel: +91 11 47624100 Fax: +91 11 47624229

Projects

5. We trust that the Hon'ble Commission would appreciate the genuine merits set out in our comments above and would review the same favourably while finalising the final amendment to Principal Regulations.

Thanking You,

Yours Faithfully

Ravi Arya

Vice President (Thermal Projects)

Ph. : 26967842, 26868681
Fax : 26865206

e-mail : nrpccomml@yahoo.com
Website : www.nrpc.gov.in

भारत सरकार
उत्तर क्षेत्रीय विद्युत समिति
18-ए, शहीद जीत सिंह मार्ग, कटवारिया सराय नई दिल्ली - 110016
Government of India
Northern Regional Power Committee
18-A, Shaheed Jeet Singh Marg, Katwaria Sarai, New Delhi-110016

N0: NRPC/SE(C)/RTA/ 2011-12/ 5253

Dated : 05th March, 2012

To,

Secretary,
Central Electricity Regulatory Commission
3 rd Floor, Chanderlok Building,
36, Janpath, New Delhi- 110001
Fax: 91-11-23753923

Subject:- Comments on Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) (Second Amendment) Regulations, 2012.

Sir,

The Hon'ble Commission had issued draft amendment to CERC (sharing of inter-State Transmission charges and losses) Regulations 2010 on the 14th February, 2012 for comments. Observations of NRPC Secretariat on the proposed amendments are enclosed at Annex.

PK Pahwa 9/3/2012
(P.K. Pahwa)
Member Secretary

Annex

Observations of NRPC Secretariat on draft amendment to CERC (sharing of inter-State Transmission charges and losses) Regulations 2010 issued on the 14th February, 2012

1. In amendment to Regulation 2 of Principal Regulations it was proposed that a new sub-clause, namely, sub-clause (p1) shall be added after sub-clause (p) of clause (1) of Regulation 2 of the Principal Regulations as under:

   "(p1) 'Natural inter-State transmission line' means and includes those transmission lines which are physically connected at one end to one State and at the other end to another State."

   In our view transmission lines with one end located in one State and the other end located in another State form part of inter-State transmission system in accordance with the definition of the same in the Electricity Act 2003, hence the new definition may not be needed.

2. For identifying other such transmission lines, owned by non-ISTS licensees being used for inter-State transmission, which require study, we had given some suggestions vide our letter dated 26.12.2011 addressed to Secretary, CERC. Since, Commission is now proposing certain amendments in the principle regulation, it is requested that our observation contained in that letter should be considered for bringing out additional amendments. For the sake of completeness, we are reiterating our suggestions as below:

   "Para 2.1.2(g) of Annexure to Principal Regulations inter-alia provides that certification of non-ISTS lines being used for carrying inter-State power, which were not approved by the RPCs on the date of notification of the principal regulations, would be done through load flow studies. Further, this has to be vetted by the NLDC in consultation with respective RLDC on the proposal made by the respective RPCs through common methodology to be adopted by the NLDC. In this regard, we have following observations:-

   i) NLDC as well as RLDCs are members of respective RPCs, therefore at the time of certification by RPCs, NLDC and RLDC would be a party to the certification process and therefore further vetting by NLDC is not required.

   ii) In case CERC desires distinct involvement of NLDC and RLDC in the process of certification, it is suggested that NLDC should pre-specify a common methodology based on which respective RLDCs should carry out studies and put up a proposal to respective RPCs for certification. Pre-specifying a common methodology is essential to have uniform approach and to avoid adoption of different methodologies in different regions. Also RLDCs are better suited to carry out studies as they are already compiling basic network data under provisions of aforesaid regulations."

NTPC Ref: 01:CD:706G:

Dated : 5th March '2012

To

The Secretary
Central Electricity Regulatory Commission
3rd & 4th Floor, Chanderlok Building
36, Janpath, New Delhi-110001

Sub: **Comment on Draft Amendement to CERC (Sharing of inter-State Transmission Charges and Losses) Regulations, 2010.**

Sir

This has reference to the public notice dated 14.02.2012 on the above mentioned subject posted on CERC's web-site requesting for comments / suggestions / objections.

Our comments/suggestions are enclosed herewith for your consideration.

Thanking You

Yours faithfully

(V.K. Padha)
GM (Commercial)

Encl: Comments on Draft Amendment (…..pages)

NTPC Comments on Draft Amendment to CERC (Sharing of inter-State Transmission Charges and Losses) Regulations, 2010.

1. Clause 2 (1) of draft : Amendment to Regulation 2

The proviso proposed to be inserted under sub-clause (c) of clause (1) of Regulation 2 of the Principal Regulations as per the draft is:

Proposed Amendment: *"Provided that the overload capability of 105% of the installed capacity (MW) for thermal generating stations and 110% of the installed capacity (MW) for hydro generating stations shall not be used for calculating the approved injection under long term access (LTA)."*

NTPC Views:

Regulations envisages at Clause 2 (1) (C) that Approved Injection to be determined based on the generation data submitted by the Designated ISTS Customers. NTPC has already submitted its data for year 2012-13. The same may be considered by IA for load flow and for approved injection. If it is envisaged by IA to consider LTA for billing, then load flow must also be done on LTA figures only.

As far as considering overload capability of 105% /110% is concerned, the same is required to be concluded only for the stations where LTA quantum is not defined. i.e for the stations where specific applications under Open Access Regulations have not been made. In cases, where specific long term acess application has been made, LTA would need to be considered as per the LTA granted. The proposed draft may be modified accordingly.

For the stations with deemed Long term Access, various reasons have been specified under Statement of Reasons for not considering overload capability while calculating approved injection under Long term Access:

(i) CEA Regulations 2007 provides for 105% of MCR for short duration.

Long term Access is being taken for the maximum quantum of injection by a generating station. There is no provision of Long term access being taken for different quantum for different duration of the day. It is the maximum capacity which may be used by a generating station depending on its maximum injectable capacity, however small the duration could be. Hence if a generating station can inject 105% as per IEGC/ CEA Regulations, it must have access for such capacity. CERC regulations as well as CEA regulations (including IEGC) do stipulate that 105% of Gross Capacity to be delivered, even on a continuous basis, if possible [(ref 5.2 (f)]. Moreover many NTPC stations are injecting in the range of 100%-105% for long periods.

(ii) UI Regulations limits of 101% & 105%

UI Regulations limits for overinjection corresponds to declared capacity but not for rated capacity. In case NTPC declares its DC as 103% of its rated capacity (for which CERC Regulations envisages incentives since it is supplying more power), UI Regulations shall only limit its % change over declared capacity to curb any undue gain by the generator , but Regulation donot prohibits a generator from declaring capacity more than its rated capacity & supplying as per CERC Regulations.

- In view of the above overload capacity must be considered for LTA of a generator.

- Since as the regulation currently stipulates the Charges to be collected from a node/zone is to be divided by LTA (Approved Injection/Withdrawal) to arrive at the PoC rate and then multiply by LTA to compute the charges (please refer to our comments seeking change in this prescription, later in this document also). Thus inclusion of 5% margin in computation of LTA is of no consequence.

- Considering overload capacity will not increase nodal charges (Rs./MW/month) , rather it would reduce the nodal charges since denominator considered will be higher, hence per unit charges will be lower. As far as total quantum of charges, the same figure shall be multiplied. Hence whether 100% or 105% the total charges at generator end would be the same, but per unit charges shall reduce.

Hence we would like to propose following:

- The proviso may be modified as :

"Provided that the overload capability is to be considered for Long-term Access (LTA) of ISGS (where specifically LTA has not been sought as application under Grant of Connectivity, Long term Access and Medium term Open Access in the inter-state transmission and related matters Regulations, 2009) to the extent of 105% for thermal generation and 110% for hydro generation, after deducting the normative auxillary consumption"

- *The data used for load flow should be same as the data to be considered as approved injection / approved withdrawl*

The Scheme being implemented by IA for the year 2011-12 and being proposed for year 2012-13 is in variance to this.

2. Clause 2 (2) of draft : Amendment to Regulation 2

The following proviso is proposed to be inserted under sub-clause (f) of clause (1) of Regulation 2 of the Principal Regulations:

Proposed Amendment: *"Provided that the overload capability of 105% of the installed capacity (MW) for thermal generating stations and 110% of the installed capacity (MW) for hydro generating stations shall not be used for calculating the approved withdrawal under long term access (LTA)."*

NTPC Views: In view of comments at Point no.1, such proviso may not be provided for, since considering higher approved withdrawl shall only reduce per unit values and shall leave total quantum of payment unchanged. Lower per unit values shall lower STOA charges for the discom.

3. **Clause 3 (2) of draft : Amendment to Regulation 3**

The following proviso is proposed to be added after the first proviso to sub-clause (o) of Clause (1) of Regulation 7 of the Principal Regulations

Proposed Amendment: *"Provided further that the load flow studies shall be carried out by the Implementing Agency as and when the YTC is revised in accordance with proviso to sub-clause (l) of Clause (1) of this regulation."*

NTPC views: The load flow studies are based on nodal generation and demand data. Such data is required to be submitted 1.5 years in advance as per the Regulations i.e by November end for the next year. The accuracy of such data shall be better, if it is required to be forecasted for a nearer period. Since IA shall now carry out load flow studies as and when YTC is revised i.e half yearly for first full year and quarterly for subsequent years, IA may also collect the nodal generation and demand data also for each load flow for system to be more accurate. The demand forecasting by beneficiaries shall be near actual if a smaller time frame is taken. Also the certainty of new generation being added to the system shall be more accurately known in a nearer time frame.

Hence IA may collect nodal demand and generation data as and when it carries out revised load flow. With regards to generation data, atleast new generation data may be obtained by IA for more accurate load flows as and when laod flow studies are being carried out. Necessary provisions in this regard may be added in the Regulations.

4. **Clause 3 (5) of draft : Amendment to Regulation 7**

Proposed Amendment: " Para (iv) under sub-clause (t) of clause (1) of Regulation 7 of the Principal Regulations is proposed to be substituted as under, namely:

"(iv) An inter-State Generating Station (ISGS) directly connected to the 400 kV inter-State Transmission System shall be treated as a separate zone and shall not be clubbed with other generator nodes in the area, for the purpose of calculation of PoC injection rate:

Provided that in case of a merchant power plant in a State connected to the 400 kV inter-State Transmission System, with zero LTA or part LTA to a DIC in another State, the entire merchant capacity plus the LTA to the DICs in other States shall be considered to arrive at the PoC injection rate."

NTPC views: New proviso regarding the merchant capacity with part LTA has been proposed. But the proposed proviso shall lead to underecovery by CTU. The charges get allocated to zones as per the load flow studies as explained below in detail at "A", dividing the charges by entire merchant capacity and then multiplying only by LTA shall lead to underrecovery for that zone. The denominator to arrive at per unit PoC charges must be multiplied by the same numerator for full recovery under first bill.

The solution to the problem lies in representative load flow studies as explained below at "A". The proposed proviso may be deleted accordingly.

"A" The issue faced at Clause 1.3 of Explanatory Memorandum

Regulations envisages following steps for calculation of PoC

b. Basic load flow considering nodal demand and injection data submitted by DICs.
c. Truncation of network as per Regulations
d. Calculation of participation factors to determine nodal charges
e. PoC charges (Rs./MW/month) for each zone as proposed to be amended at Clause 9 of this draft Regulation also.

The nodal generation and demand data as used for load flow studies while calculating participation factors shall decide the apportionment of charges at each node. For eg. if the nodal demand is taken as 1000 MW vis a vis 200 MW, such node shall get higher apportionment of transmission charges in case of 1000 MW as compared to 200 MW, since it shall use more network for transfer of power.

But at Step (e) above the charges apportioned at that node or sum of nodes to form a zone are divided by Long term Access (LTA) quantum to determine PoC in Rs./MW/month. Such LTA doesnot consider the nodal data taken for load flow which actually has resulted in allocation of charges to that node.

The issue faced as quoted vide Explanatory Memorandum to proposed draft Regulations at Clause 1.3 has also resulted due to this. The load flow being done by IA considered all the generation / demand in the state (central + state generators) which led to higher charges being allocated to AP node (this happens because higher generation will use more of network and hence more allocation of charges) . However while determining PoC charges in Rs/MW/month the allocated charges were divided

only by LTA for ISTS and hence the discrepancy.

The data considered for load flow is the prime data which determines charges that will be allocated. Considering load flow including the state generators and demand expected to be met by such generators lead to the discrepancy in allocation of charges to nodes. Such data should not be considered for load flow to avoid such problems.

If the load flow would have been done considering just the Long term Access for the node, allocation of charges to that node wouldnot have been disproportionately higher.

Such anomalies can be avoided if IA considers the data as submitted by DICs for load flow and the same data as approved injection. Considering average data for load flow (that too considering state generators etc also.) and LTA for approved leads to such anomalies.

5. **Clause 6 (5) of draft : Amendment to Annexure**

Proposed Amendment: Step 4 under sub-para 2 of Para 2.7 of Annexure to the Principal Regulations is proposed to be substituted as under:

"Step 4: The entire YTC of the Talcher - Kolar HVDC transmission link shall be borne by the DICs of the Southern Region by scaling up their PoC charges. PoC injection charge for 200 MW share allocated from Talcher – II station to the State of Odisha shall be charged at the PoC injection rate of Talcher – II station as per Sharing Mechanism in the NEW grid."

NTPC views: The specific mention of "200 MW" as share allocated from Talcher-II to Odisha may not be applicable always since at a later date the allocation to State of Odisha may change. Hence the specific indication of quantum may be replaced by "allocated quota" to avoid any discrepancies at a later stage.

Also the amendment proposed stipulates that PoC injection charge for 200MW (use allocated capacity to Odisha from Talcher-II, instead for generality) will be calculated at the PoC Injection rate of Talcher-II. Since Talcher-II is a part of SR, currently PoC Injection Charges for Talcher-II cannot be computed for NEW grid. This injection should be charged at Talcher-I rates instead.

6. **Clause 6 (6) of draft : Amendment to Annexure**

Proposed Amendment: The table under para 2.8.1 of Annexure to the Principal Regulations is proposed to be modified as under:"

The foot note to the table shall be:

"Approved Injection/ Approved withdrawal (MW) shall be the Long-term Access for the average scenario based on the CEA generation and demand data. Otherwise, for the scenarios mentioned in Regulation 7 (1) (o) of the Principal Regulations, it shall be the Approved Injection/ Approved withdrawal."

NTPC views: The above statement stipulates that when the load flow computations for arriving at the charges are on the basis of Average Injection / Withdrawal based on CEA data, the Approved Injection / Withdrawal will be the LTA. Otherwise the provisions in the regulations would apply.

The relevant provisions in the regulations need some amendments to our mind, in view of the following considerations:

- The regulation requires the DICs to furnish Injection and Withdrawal information for the 10 (5x2) scenarios.
- For Injecting DICs the injection would be governed by the dispatch ordered by the respective RLDC and the DIC has no way of estimating the injection. What could at best be furnished is the Capacity Available for service.
- The regulation also stipulates that injection (capacity availability) on a particular day to be indicated for peak and other-than-peak scenario. Capacity Availability on a day will not be different for the two!
- The day injection (capacity availability) so furnished is to be used for the load flow studies (adjustments are inevitable on such figures to match generation and load) and for determining Approved Injection, considering the LTA / MTOA. While a single day's data being taken as basis for load flow studies may be justified, the same being considered for determining Approved Injection, for the entire block period of up to 3 months is not appropriate. Any injection above Approved Injection has to be paid for additionally. This would mean if some capacity was not in service on the prescribed day for all the remaining days of the 3 month period, deviation charges would apply. Hencefor single day may not be representative data for the entire block. Hence the injection value furnished for single day is not representative data for the entire block.

Thus, the regulation in its eagerness to curb deviations from scheduled capacity outages in the generating stations is distorting the transmission charges computation. In our opinion, the disciplining of Generation Capacity outage scheduling and adherence should be addressed separately and should not be distorting the transmission charges determination and sharing principles.

On the basis of the above the following changes in the regulations is suggested;

1. The seasonal and peak and other than peak pricing of transmission system may be done away with. The year may be divided into 2 or 4 equal periods for taking into account additions in system / cost.
2. The injection and demand average of the period may be estimated based on the data available for the previous year corresponding period and PoC charges can be computed using the same in load flow simulation.
3. The injection / withdrawal PoC rates may be worked out for each point of injection / withdrawal on the ISTS.
4. Charges for injection and withdrawal can be calculated on actual injection and at the end of the period if the actual injection averages to the estimate made the previous year, full charges would have been recovered.
5. All other deterrents to discipline the players, if any, must be applied independently.

BEFORE CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI

IN THE MATTER OF:

Public Notice vide No. L-1/(3)/2009-CERC Dated the 14th February 2012 inviting comments/suggestions/objections on the draft Central Electricity Regulatory Commission (Sharing of inter-state Transmission Charges and Losses) (Second Amendment) Regulations, 2012.

VIEWS OF ORISSA POWER TRANSMISSION CORPORATION LTD. (OPTCL) ON DRAFT CERC (SHARING OF INTER-STATE TRANSMISSION CHARGES AND LOSSES) (SECOND AMENDMENT) REGULATIONS, 2012.

MOST RESPECTFULLY SHEWETH THAT:

1. Amendment to Regulation 2 of Principal Regulations:

(1) OPTCL is of the view that any overload capability above the Installed Capacity for both Hydro and Thermal shall not be considered for Injection. **The proposed amendment should be made effective from 01.07.2011.**

(2) OPTCL is of the view that any overload capability above the Installed Capacity for both Hydro and Thermal shall not be considered for Drawal. **The proposed amendment should be made effective from 01.07.2011**

(3) Any assignment from time to time other than mandated regulations should be made through Public Hearing where all the DICs should made a party The computation and allocation of charges along with the load flow study shall be displayed /uploaded by the implementing agency on their website and call for suggestion from the DICs. The suggestion of the DICs should be placed before the Commission and Commission should hear the DICs before according approval to the transmission charges..

N MOHANTY NOTARY SEAL OF
Regd. No. ON 20/94
362 Vani Vihar
Bhubaneswar
Orissa

(4) As per amendment (1) of the Regulation, Non-ISTS lines used for import/export of Inter-State Power shall be certified by ERPC if more than 50% of power shall be carried by the line. Further addition may be incorporated in the aforesaid provision that if there is an Agreement between the DICs and the STU/SEB for carrying the inter-state power to outside State, the proportion cost of the line of the STU shall be recovered through PoC method and disbursed to the STU/SEB.

(5) For load PoC, Zones have been identified within the State boundary and hence assets should have been calculated Zone Wise. While computing the PoC Rates, Commission must consider the Transmission Charges of the assets those are being actually used by a DIC. In case of Odisha hardly 10% to 20% of the ISTS line is being used for drawing the State Share of Power from ISGS Station and the monthly Transmission charges will be about 2 to 3 Crs. Commission must ensure that the Transmission Charges levied must satisfy the objectives of National Tariff Policy, which stipulates that the Transmission Tariff must be sensitive to Distance, Direction & Quantum of flow.

2. Amendment to Regulation 7 of Principal Regulations:

(1) OPTCL does not agree with the Slab Rate concept as proposed by CERC. The Transmission Charges should be levied with actual PoC rate on the actual usage basis. As stated in the Statement of reasons dtd 11.06.10 the variation between Average Participation Method was from (Rs 2.79-53.61 lakh/MW) where as the range of transmission access charges in the Hybrid method varies from (Rs 2.98-Rs 17.75 laks/MW) and with imposition of slab rates the variation becomes much lesser than above value. It may be concluded that with implementation of marginal participation and slab rate concept, one State with higher slab rate is cross-subsidized by a State with lower slab rate. For e.g as per CERC Order Dtd 29.06.11 at Annexure 1 the final PoC rate for Andhra Pradesh injection was Rs 3,11,496/- (Rs/MW/Month) but the same was reduced to Rs 1,10,000/- (Rs/MW/Month) where

N. MOHANTY SEAL OF NOTARY

as the Talcher injection Poc Rate has been raised from Rs 58,011 (Rs/MW/Month) to Rs 80,000 (Rs/MW/Month) which illustrates the phenomenon of cross subsidization.

(2) The load flow study must be uploaded in the website of Implementing Agency in a transparent manner prior to the Implementation for an application period.

(3) The Yearly Transmission Charge considered during calculation of Zonal rate in Rs/MW/Month should be zone wise within the geographical boundary of the state.

(5) The detail calculation of PoC injection rate for interconnection of an inter-state Generating Station (ISGS) in different areas directly connected to the inter-state transmission system should be provided basing on which views can be given.

(7) Consideration of Slabs for Transmission losses is not agreed by OPTCL. The loss calculation should be on actual basis.

(8) The PoC charges should be levied on the usage of the lines rather than LTA considered as adopted now in raising bills.

6. Amendment to Annexure of the Principal Regulations:

(2) OPTCL agrees to the proposal of CERC for bearing of the PoC injection charge by GRIDCO for 200MW share allocated at the PoC injection rate of Talcher-II Station as per sharing mechanism in NEW Grid. However, OPTCL has objection on 1:1 sharing for Gazuwaka back-to-back HVDC link between NEW Grid and SR Grid. Considering the flow pattern for a smaller period and sharing the same between NEW Grid and SR Grid appears to be incorrect. Control of HVDC Gazuwaka is at SR end. The power is mostly injected into NEW Grid during off-peak hours and drawn from NEW Grid during peak hours. Further, the inclusion of such charge contradicts the earlier CERC Order dated 28.03.08 which was formulated considering the flow pattern between ER and SR Region. Hence, the entire cost of the Gazuwaka HVDC line should be borne by Southern Region.

N. MOHANTY NOTARY OF

PRAYER

In view of the above, OPTCL earnestly prays that the Hon'ble Commission may kindly take into cognizance of the above facts as submitted by OPTCL and accordingly, be pleased to:

- Re-examine the computation methodology to make the transmission tariff sensitive to Distance & Direction & quantum of flow as stipulated in the National Tariff Policy in true sense of the term.
- We continue to maintain that the PoC methodology is fundamentally flawed in its concept as well as design and is contrary to public interest as far as electricity consumers are concerned and hence should not be implemented in its present form.

For and on behalf of the Respondent

Ajay Kumar Mahapatra

General Manager (RT&C)
Orissa Power Transmission Corporation Limited

Place: Bhubaneswar
Date:03.03.2012

N MOHANTY NOTARY SEAL OF

BEFORE CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI

IN THE MATTER OF:

Public Notice vide No. L-1/(3)/2009-CERC Dated the 14th February 2012 inviting comments/suggestions/objections on the draft Central Electricity Regulatory Commission (Sharing of inter-state Transmission Charges and Losses) (Second Amendment) Regulations, 2012.

VIEWS OF ORISSA POWER TRANSMISSION CORPORATION LTD. (OPTCL) ON DRAFT CERC (SHARING OF INTER-STATE TRANSMISSION CHARGES AND LOSSES) (SECOND AMENDMENT) REGULATIONS, 2012.

AFFIDAVIT

I, Sri Ajay Kumar Mohanty, son of Late Kailash Chandra Mohanty, aged about 57 years resident of Bhubaneswar do hereby solemnly affirm and state as under:

- That I am the General Manager (Regulation, Tariff & Commercial) in OPTCL and am fully conversant with the facts and circumstances of the case and I have been duly authorized and am therefore competent to affirm this affidavit.
- The Statements made in all the paragraphs are based on information and I believe them to be true.

Ajay Kumar Mohanty
DEPONENT

VERIFICATION

I the deponent above named do hereby verify that the contents of my above affidavit are true to my knowledge, no part of it is false and nothing material has been concealed there from.

Verified at

Ajay Kumar Mohanty
DEPONENT

N. MOHANTY
NOTARY 03 03 2012
Regd. No. ON 20 /94
382, Bhoi Nagar,
Bhubaneswar-751022

(5)

C/PTC/CD/CERC/ 15647

5 March 2012

Shri Rajiv Bansal
Secretary,
Central Electricity Regulatory Commission
2nd & 3rd Floor, Chanderlok Building
Janpath, New Delhi – 110 001

Sub: PTC Comments on Draft Amendment to Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges & Losses) Regulations, 2010

Sir,

Hon'ble Commission has proposed amendment in Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges & Losses) Regulations, 2010 and has invited comments/ suggestions from all stakeholders on the proposed amendment vide Public Notice dated 14th February 2012.

A new definition has been proposed in the draft amendments for 'Natural Inter-State Transmission Line'. The term 'Natural' may be reviewed legally since these are man-made bi-lateral transmission lines.

Though the above proposal seems to be in line with the definition of inter-state transmission system in the Electricity Act, 2003, the inclusion of such lines in the regional pool, primarily built for bi-lateral exchange of power between two states, may face reservations from others. Such assets may have considerably depreciated but loss levels could be on higher side.

Overall, the proposed amendment by Hon'ble Commission seeks to remove difficulties being faced by different players in the sector and hence is a step in right direction.

Thanking you,

Yours faithfully,

(Rakesh Kumar)
Executive Vice President

PTC India Limited
(Formerly known as Power Trading Corporation of India Limited)
2nd Floor, NBCC Tower, 15 Bhikaji Cama Place New Delhi - 110 066 Tel: 011-41659134, 41659500. Fax: 011-41659126/145
E-mail: rkumar@ptcindia.com Website: www.ptcindia.com

(पावरग्रिड की पूर्ण स्वामित्व प्राप्त सहायक कंपनी)

POWER SYSTEM OPERATION CORPORATION LIMITED

(A wholly owned subsidiary of POWERGRID)

पंजीकृत एवं केन्द्रीय कार्यालय : बी - 9, कुतुब इंस्टीट्यूशनल एरिया, कटवारिया सराय, नई दिल्ली - 110 016
Registered & Corporate Office : B - 9, Qutab Institutional Area, Katwaria Sarai, New Delhi - 110 016
Website : www.nldc.in, www.nldcindia.in, Tel. : 011-26536832, 26524522, Fax : 011-26524525, 26536901

POSOCO/Trans. Pricing/CERC/

Dated: 05th March 2012

To,

The Secretary
Central Electricity Regulatory Commission
3rd and 4th Floor, Chanderlok Building
36 Janpath
New Delhi-110001

Sub: Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) (Second Amendment) Regulations, 2012.

Sir,

The Comments on draft Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) (Second Amendment) Regulations, 2012 are enclosed.

Thanking you,

Yours Faithfully

(V.K Agrawal)
General Manager
NLDC

Views/suggestions on the Draft Amendment to CERC (Sharing of Inter State Transmission Charges and Losses), Regulations, 2010 on behalf of NLDC and RLDCs

The second amendment to Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations hereinafter referred as Sharing Regulations is a welcome step. NLDC / RLDCs are in agreement with most of the proposed amendments. These amendments would clarify and settle the issues raised by various stakeholders after the implementation of Sharing Regulations. Based on the experience gained as an Implementing Agency, submissions on behalf of NLDC/RLDCs are given in the following paragraphs. The suggestions have been segregated into 3 categories:

A. Proposed amendments where NLDC/RLDCs are in full agreement
B. Proposed amendments where NLDC/RLDCs agree in principle, however some minor modifications are proposed for further clarity
C. Proposed amendments where NLDC / RLDCs suggest modifications

A. NLDC/RLDCs are in full agreement with the following proposed amendments:

1. Para (ii) under Sub-clause (t) of Clause (1) of Regulation 7 of the Principal Regulations

The following is proposed to be substituted

Proposed Amendment

"The nodes within zones shall be combined in a manner such that they are geographically and electrically proximate. The demand zones shall be the geographical boundary of the State."

Observations

It has been observed that there is a significant variation in the PoC Rates of NER States. This issue was also raised in the various stakeholder meetings

and workshops. Further the regulation provides for creation of zones whose costs are within same range. In view of this, the amendment to make each state of NER as a separate demand and generation zone is a welcome step.

2. **Proviso to sub-clause (s) of Clause (1) of Regulation 7**

The following proviso is proposed to be added after the first proviso to sub-clause (l) of clause (1) of Regulation 7 of the Principal Regulations, namely

Proposed Amendment

"Provided that there shall be slabs for transmission losses in percentage for the year 2011-12 or for such period the Commission may consider appropriate."

Observations

As explained in SOR, Point of Connection losses are coming with large variance for the DICs. In order to smoothen the transition process, this proviso regarding slabs for transmission losses is supported.

3. **Table under para 2.8.1 of Annexure:**

The table under para 2.8.1 of Annexure to the Principal Regulations is proposed to be modified as under:

Proposed Amendment

ZZ zone computation in a particular scenario:

<table>
<tr><th></th><th>Transmission Charge (₹/month)</th><th>Approved Injection/ Approved withdrawal*(MW)</th><th>Zonal Transmission Rate (₹/MW/month)</th></tr>
<tr><td>PP</td><td>45,00,000</td><td rowspan="3">250</td><td rowspan="4">70,000</td></tr>
<tr><td>AA</td><td>50,00,000</td></tr>
<tr><td>KK</td><td>80,00,000</td></tr>
<tr><td>ZZ - Zone</td><td>1,75,00,000</td><td>250</td></tr>
</table>

* Approved Injection/ Approved withdrawal (MW) shall be the Long-term Access for the average scenario based on the CEA generation and demand data. Otherwise, for the scenarios mentioned in Regulation 7 (1) (o) of the Principal Regulations, it shall be the Approved Injection/ Approved withdrawal.

Observations

As decided in the 4th Validation Committee meeting for the year 2011-12, total charges for a zone is divided by LTA, to arrive at injection / withdrawal rate. Modification of the example given in the table under 2.8.1 of Annexure will align the methodology adopted with the provisions of the Regulations.

.....

B. **The following proposed amendments are agreed in principle, with minor changes suggested**

1. **Amendment to Regulation 2 of Principal Regulation**

   The following proviso is proposed to be inserted under sub-clause (c) of clause (1) of Regulation 2 of the Principal Regulations

Proposed Amendment

"Provided that the overload capability of 105% of the installed capacity (MW) for thermal generating stations and 110% of the installed capacity (MW) for hydro generating stations shall not be used for calculating the approved injection under long term access (LTA)."

"Provided that the overload capability of 105% of the installed capacity (MW) for thermal generating stations and 110% of the installed capacity (MW) for hydro generating stations shall not be used for calculating the approved withdrawal under long term access (LTA)."

Observations

It was decided in the 4th meeting of validation committee for 2011-2012 that the LTA for a generator should consider the overload capacity of the generator to the extent of 105% for thermal generation and 110% for hydro

generation, assuming nominal auxiliary consumption as per the norms of auxiliary consumption fixed by the Commission under the Tariff Regulations of the Commission. This was done in view of the concerns expressed by NTPC, SJVNL etc in the 4th Validation Committee. Subsequently, Hon'ble CERC in its order dated 29th June 2011 clarified the issue. It is also stated in the SOR to the amendments that the overload capability is used only for limited period. Moreover, the inclusion of overload capability in the approved injection is affecting the states as ultimately the generator charges are passed on to the long term customers. Therefore overload capability should not be included in Approved Injection and Approved Withdrawal.

The proposed amendment is supported. However, in order to bring further clarity it is suggested that the normative auxiliary consumption shall be subtracted from the installed capacity to arrive at the Approved Injection. These are the cases where no LTA has been granted by CTU explicitly but considered as deemed LTA as they have been included in the coordinated planning. However, for cases wherever CTU has explicitly granted LTA, auxiliary consumption shall not be subtracted.

⇒ **Modifications Suggested**

"Provided that the overload capability ~~of 105% of the installed capacity (MW) for thermal generating stations and 110% of the installed capacity (MW) for hydro generating stations~~ shall not be used for calculating the approved injection under long term access (LTA) **i.e. installed capacity less normative auxiliary consumption shall be considered"**

"Provided that the overload capability ~~of 105% of the installed capacity (MW) for thermal generating stations and 110% of the installed capacity (MW) for hydro generating stations~~ shall not be used for calculating the approved withdrawal under long term access (LTA) **i.e. installed capacity less normative auxiliary consumption shall be considered"**

Provided that LTA granted by the CTU shall be considered as it is without subtracting any normative auxiliary consumption.

2. Addition of new sub-clause (p1) and amendment to sub-clause (y) of clause (1) of Regulation 2

Proposed Amendment

"(p1) 'Natural inter-State transmission line' means and includes those transmission lines which are physically connected at one end to one State and at the other end to another State."

Observations

New definition of Natural inter-state line is sought to be included and charges of such lines is to be included in YTC. Charges of STU owned inter-state lines would be collected from the DICs and disbursed to the owners and this will encourage them to maintain the lines in healthy condition. This will further help in secure operation of the inter-connected grids. As suggested in our letter dated 25th October 2011 (Copy enclosed), it is requested that the RPCs may certify availability of such inter-state lines as per norms specified by the Central Commission for inter-state transmission line from time to time. Moreover, owners of natural inter-state lines may be directed by the Hon'ble Commission to get the tariff of lines under respective jurisdiction approved. However the definition needs further clarity with respect to dedicated lines physically connected between two states. It is proposed that such lines should not be considered as natural inter-state lines. Accordingly following modifications are proposed.

Modifications Suggested

"(p1) 'Natural inter-State transmission line' means and includes those transmission lines which are physically connected at one end to one State and at the other end to another State ***excluding dedicated lines which are physically connected between two states****."*

3. **Amendment to Regulation 7 of Principal Regulations**

Sub-clause (l) of clause (1) of Regulation 7 of the Principal Regulations

The following proviso is proposed to be added after the first proviso to sub-clause (l) of clause (1) of Regulation 7 of the Principal Regulations, namely

Proposed Amendment

"Provided further that there shall be slab rates for injection and demand PoC charges for the year 2011-12 or for such period the Commission may consider appropriate."

Observations

The slab rates were introduced for injection and demand PoC Rates and not for PoC Charges. Therefore following modification is proposed:

Modifications Suggested

"Provided further that there shall be slab rates for injection and demand PoC ~~charges~~ ***rates*** *for the year 2011-12 or for such period the Commission may consider appropriate."*

4. **Amendment to Annexure of the Principal Regulations**

I. **Step 4 under sub-para 2 of Para 2.7 of Annexure to the Principal Regulations is proposed to be substituted as under:**

Proposed Amendment

"Step 4: The entire YTC of the Talcher - Kolar HVDC transmission link shall be borne by the DICs of the Southern Region by scaling up their PoC charges. PoC injection charge for 200 MW share allocated from Talcher – II station to the State of Odisha shall be charged at the PoC injection rate of Talcher – II station as per Sharing Mechanism in the NEW grid.

Provided that after the entire country is synchronously connected, the cost of all the HVDC systems shall be borne by all the DICs in the country by scaling up the YTC calculated without including the HVDC costs."

Observations

It has been proposed that YTC of Talcher-Kolar HVDC link is to be borne by DICs of Southern region by scaling up their PoC charges. The proposed change is welcome as the present methodology is leading to major part of HVDC Talcher-Kolar charges being loaded on one state. Further, the amendment proposes that the PoC injection charge for 200 MW share allocated from Talcher – II station to the State of Odisha shall be charged at the PoC injection rate of Talcher – II station as per Sharing Mechanism in the NEW grid. Since NEW grid and SR grid are modeled separately, PoC rate for Talcher-II is not computed. In order to address the issue, it is proposed that the share of Odisha from Talcher-II shall be charged at the injection PoC rate of nearest generating node, i.e. Talcher-I.

The proviso regarding new methodology of sharing of HVDC charges after synchronous inter-connection of entire country is also welcome. It may be relevant to mention that some of the utilities are apprehensive that their PoC charges (as per the current methodology) may go up if HVDC lines are terminated in their state. The Hon'ble Commission has rightly concluded that HVDC systems are national assets and important from the point of view of reliability and security of the whole grid. Moreover HVDC links would be very useful for integration of renewable sources of energy, considering variability and intermittency. Hence charges of such links are to be shared by all DICs of the country.

Modifications Suggested

"Step 4: The entire YTC of the Talcher - Kolar HVDC transmission link shall be borne by the DICs of the Southern Region by scaling up their PoC charges. PoC injection charge for 200 MW share allocated from Talcher – II station to the State of Odisha shall be charged at the PoC injection rate of ~~Talcher – II~~ **nearest generating node, i.e. Talcher-I** *station as per Sharing Mechanism in the NEW grid.*

Provided that after the entire country is synchronously connected, the cost of all the HVDC systems shall be borne by all the DICs in the country by scaling up the YTC calculated without including the HVDC costs."

C. Proposed amendments where NLDC / RLDCs suggest modifications

1. Sub-clause (o) of Clause (1) of Regulation 7

The following proviso is proposed to be added after the first proviso to sub-clause (o) of Clause (1) of Regulation 7 of the Principal Regulations as under, namely:

Proposed Amendment

Following proviso has been proposed to be added after the first proviso to sub-clause (o) of Clause (1)

"Provided further that the load flow studies shall be carried out by the Implementing Agency as and when the YTC is revised in accordance with proviso to sub-clause (l) of Clause (1) of this regulation."

Observations

The above provision of the Regulations will bring in aberrations as deliberated below:

a. Inconsistency with the Principle Regulations

I. The first amendment to the sharing regulations was notified on 24th November 2011. Sub-clause (o) of clause (1) of Regulation 7 provides for considering a single scenario based on average generation and demand data published by the Central Electricity Authority in the absence of node-wise forecast data for different scenarios from the DICs.

In this regard it may be mentioned that intent of the entire Sharing Regulations is determination of rates in advance. For example, Regulation 7 (1) (i) of the Principal Regulation dated 15th June 2010, is quoted below

"Basic Network along with the converged load flow results for various grid conditions shall be validated by the validation committee. The Basic Network, nodal generation, nodal demand and the load flow results for the subsequent financial year for each grid condition shall be validated by this Committee and presented for approval to the Commission not later than 15th day of December in each financial year. The approved Basic Network, nodal generation, nodal demand along with the load flow results shall be made available on the websites of the Commission and NLDC immediately after its approval by the validation committee."

Hence bi-annual / quarterly computation of the load flow results during the financial year as envisaged in the proposed amendment would not be in line with the Regulation 7 (1) (i) and would bring in discrepancy.

II. Sub-clause (l) of clause (1) of Regulation 7 of the proposed Regulations provide for biannual YTC Revision for first full year and subsequently on quarterly basis. This would mean quarterly computation of PoC Charges and losses. However the clause 7(1)(o) of the principle regulations provide for computation of PoC Charges and Losses for five seasons for peak and other than peak conditions. This would be anomalous i.e. 10 scenarios (5 seasons, peak and other than peak) vis-à-vis 2 / 4 revisions due to change in YTC.

b. Transmission is a sunken Investment

Transmission infrastructure is a sunken investment and independent of seasonal variations. Therefore the rate should be stable for efficient investment in transmission . In view of the seasonal variations, in respect to the generators, fixed charges with seasonal targets are understandable but it is difficult to relate to seasonal charges for transmission infrastructure. It has also been felt that the single PoC rate for the year is easy to comprehend and gives a more stable signal. Despite simulating a single scenario the dynamic nature of power flows in the grid is getting captured in case of loss, which is the variable cost of transmission.

c. Need for Stable Signal

It has been observed that many of the DICs are unable to provide node-wise forecast data for five seasons and peak and other than peak scenarios. Moreover, during the implementation phase that some of the entities kept changing the load generation balance to suit their interests. PoC charges for five seasons and peak and other than peak scenarios are highly volatile and may be difficult to comprehend initially. Based on submission in this regard from the Implementing Agency, Hon'ble Commission vide its order dated 4th April 2011 had directed consideration of a single scenario. Subsequently the Hon'ble Commission vide order dated 2nd January 2012 directed the Implementing Agency to compute PoC charges and losses for the year 2012-13 also for a single scenario based on the average generation and demand data published by Central Electricity Authority.

Hon'ble Commission vide its order dated 22nd June 2011 notified the three slab rates applicable for 2011-2012. The slab rates were computed for a single scenario for the entire year based on the average generation and demand data published by CEA. The single PoC rate for the year was known upfront. It gave a stable signal.

The seasonal variations in load and generation may cause large changes in PoC rate. For the year 2012-13, PoC rates have been computed for two scenarios i.e. Apr-Sept'12 and Oct'12-Mar'13 and the results indicate volatility of charges.

d. Facilitating Case-I Competitive Bidding

A single PoC rate for a year has helped the Hon'ble Commission to notify transmission charges escalation factors for competitive bidding. Revising load flow studies with the revision of YTC would lead to multiple PoC rates for a year. This would require periodic revision of escalation factors. PoC rates would be different during monsoon and winter. This means that the transmission charges

considered for the purpose of competitive bidding would also depend upon the time period in which the bids are invited.

e. Delay in Commissioning of Generation Units : Impact on PoC Rate

A lot of investment in transmission is expected to come in commercial operation in next few years. This would include the 765 kV rings and high capacity corridors. This huge investment in transmission has been planned keeping in mind the expected capacity addition in 12th Plan. However, a lot of uncertainty is involved in the timely commissioning of new generating units. Further all the expected generation may not come up in one go but commissioned in a phased manner. This may cause temporary increase in the PoC rates in next few years which may stabilize subsequently. Increasing the PoC rate without corresponding increase in the ISGS Capacity may be difficult to appreciate.

f. Need towards declaring Multi Year Tariff

A multi-year tariff (MYT) framework may be considered for transmission as well. A steady signal for a period of five years would bring in stability and fair understanding of the rate among the stakeholders. This would also negate the impact of lumpy investment at one time and phased commissioning of new generating stations. However, the ISTS Licensees would be paid as per approved tariff.

Multi Year Tariff Framework is also discussed in Clause 5.3.h of the Tariff Policy notified by Government of India is quoted below:

"Multi Year Tariff

1) Section 61 of the Act states that the Appropriate Commission, for determining the terms and conditions for the determination of tariff, shall be guided inter-alia, by multi-year tariff principles. The MYT framework is to be adopted for any tariffs to be determined from April 1, 2006. The framework should feature a five-year control period. The initial control period may however be of 3 year duration for transmission and distribution if deemed necessary by the Regulatory Commission on account of data uncertainties and other practical considerations. In cases of

lack of reliable data, the Appropriate Commission may state assumptions in MYT for first control period and a fresh control period may be started as and when more reliable data becomes available."

While the Hon'ble Commission has specified multi-year tariff for generating companies and transmission licensees, for the users of the transmission system, the rates keep on varying depending on commissioning of new transmission assets. It is desirable that a fixed rate may be determined for 5 year control period or a trajectory may be given for the next 5 years.

The MYT framework was also adopted by the Hon'ble Commission while determining floor and ceiling prices for the RECs. Despite declining costs of Technology, Hon'ble Commission has chosen a 5 year period 2012 - 2017 during which the floor and ceiling prices for the RECs would remain fixed. The justification given by the Hon'ble Commission is quoted below:

"11. Control Period

(a) According to the most of the stakeholders there is a need for longer term control period as RE project developers as well as lenders seek a long term visibility to make necessary decision for participating in the REC mechanism upon evaluating price risk and off take risk. Suggested trajectories are: 3 to 5 years, 5 years (to coincide with the 12th Plan Period), 7 to 10 years (to match with average loan period), 10 to 15 years and life time of the project.

(b) The Commission noted the suggestions and has appreciated the need for longer term visibility for certainty and comfort for financial closure of the projects. The Commission has therefore, decided that the next control period starting for REC price band shall be of 5 years from 1st April 2012. In other words, the forbearance and the floor price determined under this order will remain applicable for 5 years from 1st April 2012. The Commission is of the view that 5 years control period will reduce regulatory uncertainty and provide comfort to investors and lenders. The Commission is also of the view that the control period longer than 5 years will not recognize any possible decline in renewable energy tariff

due to technological improvement and likely increase in APPC due to marginal cost of power procurement from new facilities as well as increase in fuel cost of old facilities."

Suggestion to address the issue of revision of YTC

The following was suggested vide our letter dated 12.9.2011 (views and suggestions on draft amendments to the Sharing Regulations):

"As per the procedure for Obtaining data by Implementing Agency for Determination of PoC Transmission Charges and Losses, details of yearly transmission charges for the next application period is to be submitted by 1st week of October. Further, the Hon'ble Commission vide its order dated 4th April 2011 has directed Implementing Agency to revise YTC on six monthly basis initially i.e. on 1st October and 1st April of each financial year and on quarterly basis thereafter. In case of new assets, ISTS Licensees may apply for determination of tariff only six months before the date of commercial operation. Considering the above, it may be difficult for ISTS Licensees to submit either the approved or provisional tariff of assets which are expected to get commissioned in the next application period."

Further, as per the provisions of the existing regulations, delay in commissioning of any new transmission assets is handled in 3rd part of the bill which is issued biannually i.e. in September and March. This would lead to large adjustment requirement.

It is proposed to use a reference YTC for computation of PoC Charges. The reference YTC may include the transmission charges of all assets whose tariff or provisional tariff has been approved by the Hon'ble Commission and estimated tariff of transmission assets likely to be commissioned by 30th September of the next application period. However, based on the tariff/provisional tariff approved by the Hon'ble Commission, ISTS Licensees may be required to submit monthly transmission charges every month. This may be considered for disbursement of transmission charges.

It is submitted that, if the above methodology is approved by the Hon'ble Commission, there would be no need of half-yearly / quarterly revision of YTC. Moreover, transmission licensees will be paid as per approved tariff only (it is expected that at the time of billing, approved / provisionally approved tariff would be available). Further, adjustment due to re-scheduling of commissioning of transmission assets in the 3rd part of bill will not be required, as disbursement would be for the assets commissioned. As per present methodology being followed, disbursement is being made to transrnission licensees by CTU, even for lines which are yet to be commissioned.

There may be surplus or shortfall in the collection and disbursement pool account maintained by CTU. The same can be adjusted in 3rd part of the bill raised on half yearly basis.

It may be relevant to mention that the Distribution licensees also keep the rates fixed for at least one year, though new assets are commissioned and power purchase cost keeps varying.

In view of the submissions above, it is suggested that a roadmap for moving towards multi-year rate may be framed by the Hon'ble Commission. For the time being, rates may be determined based on a single load flow study for average case and YTC may be revised on monthly basis for the purpose of disbursement to owners of ISTS assets.

2. **Para (iv) under sub-clause (t) of clause (1) of Regulation 7 of the Principal Regulations is proposed to be substituted as under, namely:**

"(iv) An inter-State Generating Station (ISGS) directly connected to the 400 kV inter-State Transmission System shall be treated as a separate zone and shall not be clubbed with other generator nodes in the area, for the purpose of calculation of PoC injection rate:

Provided that in case of a merchant power plant in a State connected to the 400 kV inter- State Transmission System, with zero LTA or part LTA to a DIC

in another State, the entire merchant capacity plus the LTA to the DICs in other States shall be considered to arrive at the PoC injection rate."

Observations

First part of the above clause to treat ISGS connected at 400 kV inter-State Transmission System as separate zone would address the issue of high injection PoC for states where LTA is of relatively small quantum.

The proviso to the amendment proposes to consider the entire merchant capacity plus the LTA to the DICs in other States to arrive at the PoC injection rate wherever merchant power plant in a State connected to the 400 kV inter-State Transmission System, with zero LTA or part LTA to a DIC in another State. This would mean that LTA to DIC in the same state would have to be excluded, which is not desirable. It is submitted that instead of considering "LTA to other states", all LTA should be considered.

Further, the Hon'ble Commission may kindly clarify whether the entire merchant capacity plus the LTA shall be used for billing purpose as well. It is suggested that if a figure is used for arriving at PoC rate (LTA + merchant capacity), then the same figure should be used for billing also. In this method, though a plant having merchant capacity would be required to pay charges for such capacity, it would be refunded charges paid on MTOA / STOA transactions as per BCD procedure. Merchant capacity is understood as a capacity which is not booked under long term agreement. There may be a scenario where a generator has taken LTA for full quantum and yet remain merchant. In this case it would not be prudent to consider LTA + Merchant Capacity for computation of PoC Rate.

Moreover, considering the fact that point of connection charging method is being followed now, adjustment of MTOA / STOA charges need not be limited to LTA granted to a target region without identified beneficiary. The benefit of adjustment may be given to the long term customers irrespective of target region.

Reliance Power Transmission Limited
12th Floor, Bldg No. 10 B,
DLF Cyber City
Gurgaon 122002, India

Tel: +91 124 3917999
Fax: +91 124 3917982

RPTL/P&R/021/2012
05th March, 2012

To,
The Secretary
Central Electricity Regulatory Commission
3rd & 4th Floor,
Chandarlok Building,
36, Janpath,
New Delhi - 110 001

Kind Attention: Shri Rajiv Bansal

Sub: Extension of date for submission of Comments/Modifications/Suggestions on Draft Amendment to Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2010

Dear Sir,

This is with reference to public notice No.L-1/(3)/2009-CERC dated 14th February, 2012 inviting comments/modifications/suggestions on Draft Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) (Second Amendment) Regulations, 2012 to amend the Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2010.

The Comments/Modifications/Suggestions on the Draft amendment has to be provided to the commission by 5th March, 2012.

We are in the process of evaluating the draft amendment and keeping the importance of amendment in view, we request Hon'ble commission to extend the date for submission of comments/ modifications/ suggestions by 15 days.

Thanking You,

Yours Sincerely,

(Alok K Roy)
CEO

Reliance Power Transmission Ltd.

R2i

Phone: 9560015077
E-mail: sales@r2india.co.in,
r2india99@gmail.com

Regulatory Research India

Ref No. R2I/Regulation/ CERC/2012 Dated : 3rd March,2012

To

Secretary,

Central Electricity Regulatory Commission

36-A, Janpath

Chanderlok Building, 3rd Floor

New Delh-110001

Sub: Comment on Draft Amendment to Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2010.- Second Amendment

Dear Sir,

Please find enclosed herewith the comments of our organization on the Draft Amendment to Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2010.- -Second amendment in response to notification dated 14.2012. We appreciate the Hon'ble Commission's efforts to seek comments of all stakeholders in formulating the Regulation and its amendment.

It is requested that comments of all stakeholder may be published on CERC web site before public hearing for the purpose of transparency as comments of our organization on many issues of First amendment were not responded completely in statement of Reasons.

Thanking You.

Yours faithfully,

Sd/-

(Rishab Gupta)

Vice President

Comments on Draft Amendment of CERC (Sharing of Inter State Transmission charges and losses) Regulation 2010- Second Amendment

1. General:

   In the Explanatory memorandum of proposed amendment in introduction various issues has been highlighted which are raised by various stakeholder, but few issues have been left out of scope of proposed amendment. For example the issue of interstate drawl by Kerala from Karnataka. In proposed amendment there is no solution is proposed to solve this problem.

2. Para 2.1 2. Amendment to Regulation 2 of Principal Regulations:

   (i) Amendment in the definition of 'Approved Injection' and Approved Withdrawal in sub-clause (c) and (f) of clause (1) of Regulation 2 of the Principal Regulations:

   105% over generation in case of thermal and 110% hydro generation in LTA computation

   a. The proposal is correct and it will give relief to utilities from this extra burden i.e instead of paying transmission charge for 8760 hrs they would need to pay only when generation is above approved injection.
   b. It has not been clarified through example that how it will affect computation of POC rate and POC charges payable by drawl customer for their allocation in Generating stations.
   c. Clarity need to be given in unambiguous terms that how deviation from Approved injection upto 120% and above 120% would be paid.
   d. Also 105% should not be in respect of installed capacity as proposed in draft amendment, because CEA regulation provide 105% of Maximum Continuous rating (i.e. installed capacity –Auxiliary Consumption)

e. The provision that upto 120% of deviation , demand customers need to pay is not in line with CERC UI Regulation. Only upto 12% of schedule injection in a time block is permissible to generator and injection above 5% of installed capacity is capped.

7. (2) The under-injection of electricity by a generating station or a seller during a time-block shall not exceed 12% of the scheduled injection of such generating station or seller when frequency is below 49.7 Hz and 3% on daily aggregate basis for all the time blocks when the frequency is below 49.7 Hz

Annexure 2. (c) In terms of clauses (1) and (5) of Regulations 5, the UI Cap Rate shall be 403.0 Paise/kWh for the injection by the seller in excess of 120% of the schedule subject to a limit of ex-bus generation corresponding to 105% of the Installed Capacity of the station in a time block and 101% of the Installed Capacity over a day.

So this must link with UI regulation and Generator in a time block can give schedule upto 105% of maximum Continuous rating and for this limiting value of 8% Aux consumption should not be taken and it should be based on past trends of schedule given by Generator.

It will be better if Generator is allowed to give best possible schedule and payment for transmission charges must be calculated with respect to schedule or LTA whichever is higher so that Generator can give schedule in the best interest of grid without fearing payment of transmission deviation charges.

(ii) Amendment in Regulations 2(1) p:

(4) A new sub-clause, namely, sub-clause (p1) proposed to be added after sub-clause (p) of clause (1) of Regulation 2 of the Principal Regulations as under:

"(p1) 'Natural inter-State transmission line' means and includes those transmission lines which are physically connected at one end to one State and at the other end to another

The definition of inters state transmission in 2(36) Electricity Act, 2003 clearly define Interstate transmission system. Any subordinate regulation cannot define anything else. Sharing Regulation and IEGC already define ISTS system.

This, if needed can be done in procedure of computation as a sub category of interstate transmission system.

Also it must be defined clearly that both end of this interstate line must be utilized by different state as in some physically interstate line in case of Delhi (400 kV Mandula –Bawana)and Uttarakhand actual usage is of same state, due to past physical configuration line is passing through two states.

As clearly brought out in our comments on first amendment that for non ISTS RPC certified line criteria of 50% is total arbitrary and as even after one year methodology is not clear , it will be better that same principle of sharing Regulation may be used for computation of usage of these assets.

3. Amendment to Regulation 7 of Principal Regulations:

Slab rates for Transmission charges and losses:

It is stated in explanatory memorandum

"It is observed that the Point of Connection rates are coming with large variance for the DICs. The Commission vide its order dated 22.6.2011 on Removal of Difficulties approved of putting the PoC charges and losses in three slabs. The Commission feels that the slabbing would reduce the disparity between the high and low PoC charges and losses should continue till the time the Commission deems fit. Accordingly, second proviso Regulation 7 (1) (l) of the Principal Regulations has been proposed to be added as under:

"Provided further that there shall be slab rates for injection and demand PoC Charges for the year 2011-12 or for such period the Commission may consider appropriate."

Concept:

The above provision is clearly in contradiction to Electricity Act and Electricity Policy as first time it introduced visible subsidy in transmission sector and that too from the user who is using less of ISTS to the user who is using large part of ISTS.

It appears that in place of concept of "Actual usage" so clearly brought out in first concept paper and draft regulation the focus has been shifted to remove the variance. If that is so the "postage stamp method was having least variance and already through Uniform charge similar concept of " transition period" and SOR 3.3.62 clearly state "to avoid tariff shock" is the objective of Uniform charges

As objective of both Uniform charge and slab is same and they are acting in same direction, it results in double subsidy.

A DIC like West Bengal which is using less ISTS and its usage charge are coming only Rs. 33000 per MW per month pay additional Rs.23500 Per

MW per month and then due to slabbing it pay additional Rs 13500 per MW hence additional burden of Rs 37000 per MW and if LTA of 1500 MW is considered, it had to pay Rs. 5.5 crs extra (3.52 crs due to UC and 2 .03 Crs per month due to slabbing). In addition to this some of the generator from which West Bengal is purchasing power under long term allocation also paying additional charges under Uniform charge and slabs so the negative impact is many fold and it can be concluded that West Bengal is almost paying double what it should had been paying if 100% usage base POC rate is calculated.

Now consider the case of Maharashtra, a large ISTS user. Its usage charge is 15100 per MW (Withdrawal) It get benefit of Rs 34000 due to uniform charge and further 15000 per MW due to slab, hence benefit of Rs 49000 per MW i.e. almost 33% less.

Hence the slab which were introduced through Removal of difficulty is ill conceived and result of past baggage and it strengthen the idea that if you are actually using larger ISTS and now software clearly bring out this you are entitled for sympathy and subsidy from the user who is actually using small part of ISTS.

If commission is so much interested in removing variability the easier method would be to calculate all India uniform charges and apply it on all DICs irrespective of usage and forget to implement Distance, direction and usage sensitivity as recommended in Electricity policy and tariff policy. Variance is the reflection of actual usage and it gives proper signal.

Now whether transmission cost allocation through slabs is implemented anywhere in the world. The annexure-I give detail of scheme implemented in UK clearly show that rates are actually usage based and even at fifth decimal place different rates are applied. First there are limited DICs (about 60) and software clearly bring out rates based on individual usage which is not possible in case of million consumer in distribution sector and usage cannot be estimated based on some specific scenario. MW in transmission and kWh in Distribution clearly differentiate the problem of scale. Hence the concept of discom tariff based on usage slab (amount of units consumed) cannot be implemented in sharing of transmission charges.

Methodology of slab formulation:

No clear cut methodology to formulate Number and value of slab has been given. How three slabs are formulated in 2011-12, is not clear. Under removal of difficulty order dated 22.6.2011 some principle of optimization and Minimum regret has been mention to justify three slabs and step size of Rs.15000. No calculation detail, name of software etc has been mentioned to judge transparency and accuracy of results. But as the slab rates given in order dated 29.6.2011 indicate that in place of minimum regret it is **Majority regret.**

	Pay additional due to slab	Pay less due to slab
No. Of Entities- NEW Grid	42	17
No. Of Entities- SR Grid	8	6

Pay additional ☹ Rs per MW/Month

	<5000	<10000	<20000	<30000
NEW	9	9	11	13
SR	1	0	2	5

Pay Less ☺ Rs per MW/Month

	<5000	<10000	<20000	<30000	>30000
NEW	8	4	2	2	1
SR	2	2	0		2

⇒ So by just saying Minimum regret, a slab design is not justified because here typically all the users who use system less are paying for users who are using more ISTS.

If Minimum Regret is to be achieved, it should be done trough or inside software with proven algorithm thus making it free from manual intervention based on human bias toward a particular entity.

Minimum Regret or Min-Max fairness principles are technically defined in Cooperative Game theory. Slabbing done in 2011-12 in the context of PoC mechanism is a "Grading" mechanism and not a minimum regret or min-max fairness method. The allocations determined through min-max fairness are required to be such that these satisfy the grid conditions are determined through a series of optimization problems based on certain principles. Charges based on"Grading" mechanism do not capture network utilization.

Hence Commission must decide whether primary target of Sharing Regulation was to capture utilization of ISTS or objective of avoiding shock, social justice has so much predominant that basic principle of Distance, Direction and usage sensitivity can be sacrificed. With detail comments on first amendment it had been proved that at present is not distance direction sensitive due to slabs.

An analysis of results presented in Annexure to draft regulation in Feb, 2010 are:

http://www.cercind.gov.in/regulation/Transmission_Pricing/Simulation_of_Hybrid_Method_for_2011-12_Attachment-

Table 3: DEMAND ZONES - NEW GRID

	2011-12		2008-09	
Zone	Rs Lakh / MW / Annum	Ps / kWh	Rs Lakh / MW	Ps/kWh
Bihar	6.63	7.57	8.84	10.09
Chattisgarh	3.50	4.00	4.39	5.01
Delhi	5.87	6.70	10.20	11.65
Goa	10.50	11.98	8.37	9.56
Gujarat	5.60	6.39	6.98	7.97
Haryana	5.75	6.56	11.80	13.47
Himachal Pradesh	4.41	5.03	8.13	9.28
JandK	5.46	6.23	13.75	15.70
Jharkhand	4.23	4.83	7.69	8.77
Maharashtra	4.87	5.56	6.75	7.71
Madhya Pradesh	8.47	9.67	11.55	13.19
NER	14.36	16.39	12.85	14.67
Orissa	5.16	5.89	3.78	4.32
Punjab	11.06	12.62	16.81	19.19
Rajasthan	9.98	11.39	9.65	11.02
Uttarakhand	5.98	6.83	7.39	8.43
Utter Pradesh	5.63	6.42	7.43	8.49
West Bengal	2.19	2.51	3.24	3.69

Table 4: DEMAND ZONES - SR GRID

	2011-12		2008-09	
	Rs Lakh / MW / Annum	Ps / kWh	Rs Lakh / MW / Annum	Ps / kWh
Andhra Pradesh	4.61	5.49	8.54	9.75
Karnataka	5.67	6.47	8.23	9.4
Kerala	7.89	9.00	15.78	18.02
Tamil Nadu	4.33	4.94	13.15	15.01

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The comparison of actual results as given in Commission order dated 29.6.2011 are entirely different from the above , so the Commission must explain to stakeholders what condition have changed between

Computation of Feb,2010 and June 2011 i.e. Whether Load generation balance , network data or asset size has changed or the changes introduced through Removal of difficulty order has change the picture completely so that West Bengal charge increased from 2.51 paise/kwh to 10 paise per kWh as stakeholder at the time of Regulations formation given their response based on picture projected to them.

If payment of real money was not sufficient, a subsidy in losses also introduced which transfer real MUs to the users contributing more losses. While any load flow study software clearly give loss contributed by each entity here the advantage of bigger grid in form of less losses are not being given to DICs

Also even it is nowhere mentioned in Regulations, losses were calculated by IA on Regional basis under its procedure. While transmission charges are calculated on NEW GRID and SR Grid, without sufficient reasoning or amendment losses are calculated on Regional basis. No procedure can go beyond Regulations and accordingly losses must also be calculated on Synchronized Grid basis.

4. Amendment to Regulation 7 of Principal Regulations:

(5) Para (IV) under sub-clause (t) of clause (1) of Regulation 7 of the Principal Regulations shall be substituted as under, namely:

"(iv) An inter-State Generating Station (ISGS) directly connected to the 400 kV inter- State Transmission System shall be treated as a separate zone and shall not be clubbed with other generator nodes in the area, for the purpose of calculation of PoC injection rate:

Provided that in case of a merchant power plant in a State connected to the 400 kV inter- State Transmission System, with zero LTA or part LTA to a DIC in another State, the entire merchant capacity plus the LTA to the DICs in other States shall be considered to arrive at the PoC injection rate

In para 4.1 of explanatory memorandum insufficient reason is given for proposed amendment. The real reason for this computation error is not correct implementation of Principal Regulation. As pointed out in our comments on first amendment that all principal and guideline given in Electricity policy are not implemented correctly during implementation of Regulations by changing **Usage with LTA** under various definition.

Utilization cannot be equated with Long Term Access which is a contract or right to use and is not a measure of use. In accordance with the discussion papers, the earlier methodology of Postage stamp was dropped just because it was based on contract and not reflective of actual use.

Hence calculating a rate based on Use and applying it on something else is bound to raise the error mention in explanatory memorandum

As introduction mention the name of LANCO, it appears that the problem of a particular generator is being resolved through this. A mistake of not correcting implementing and understanding the term "Inter state transmission system in Vemagiri area. In accordance with the Record of proceeding available at CERC website http://www.cercind.gov.in/2011/ROP/ROP_in_petition_No._21_rp_2011.pdf it is clear that some IPPS are using ISTS without paying for it and LANCO is being made liable to pay injection charges for their usage also.

The discrepancy is due to dividing POC charges by LTA even if it is 1 MW else dividing by Actual to arrive at POC rate results in higher charges for LANCO.

As clarified during comments on first amendment the whole principle of sharing regulation has been shifted from Actual usage to LTA to solve the problem of less than 5% installed capacity of IPPS which have LTA more than PPA and that too is temporary as no generator afford to keep its capacity idle without selling it either in Long Term or short term.

While this may reduce the injection charges of generator where no nearby generator exist with LTA, this may also result in higher injection charges for a new generator in an area where already other generators have LTA. Both new and existing generator would be at loss as benefit of averaging based on higher value of denominator would not be available and any excess transmission capacity built to take care of future growth of generation in that area would come on new generator till more generator joins at that pooling station.

The right solution would be correct implementation of Principal regulation and charge any one which is using ISTS irrespective of whether he has taken LTA from CTU or STU.

Also the proviso of dividing by total merchant capacity to arrive at rate is again shifting on actual usage and it will benefit merchant power for lower injection rate So Commission must clear its philosophical confusion whether rates are to be calculated on the basis of actual or LTA (for which as per earlier amendments transmission investment had been made) a and according changes proposed in para 2.8 of Annexure need to be corrected.

This move is particularly benefit only to IPPs as it would reduce their injection rates.

5. **Amendment to other provisions of the Annexure to the Principal Regulations**

9.1 In order to accurately depict the method of calculation of PoC rate, the table in para 2.8.1of Annexure of the Principal Regulations has been proposed to be modified.

The comments

** Approved Injection/ Approved withdrawal (MW) shall be the Long-term Access for the average scenario based on the CEA generation and demand data. Otherwise, for the scenarios mentioned in Regulation 7 (1) (o) of the Principal Regulations, it shall be the Approved Injection/ Approved withdrawal.*

This is totally against the philosophy of sharing regulation which was "actual usage basis ". Now efforts are being made to convert into LTA i.e. allocation or transmission contract basis. Also it has not been explained what difficulty would be there if in average scenario , if it is Approved Injection and withdrawal as two average scenario proposed Regulations 7(2) are actually representing four out of Five scenario proposed in Principal Regulations. The issue must be explained through example of both possibilities.

The issue regarding relationship of LTA with Approved withdrawal or injection was also raised in our comments on First amendment and response given in SOR was:

We observe that these comments are related to the computation of PoC charge and not to the proposed amendment in definition of approved withdrawal per se. We have already clarified the position in respect of R2I in Para 3.8. We, however, feel

that there is a need to make certain provisions in the Sharing Regulations so as to fix the methodology, which would be considered at the time of future amendment to the Sharing Regulations.

The word "considering" mentioned in definition of approved injection and Approved Withdrawal clearly indicate that this cannot be made equal to LTA as being proposed now. It shall be the responsibility of a particular DIC to declare its approved injection / withdrawal considering its LTA as it is the figure on which billing is to be done as per Regulation 11 i.e. billing.

How this change affect DIC is explained below:

Suppose at present the Odisha LTA is 2000 MW and if above change is accepted the for all time to come when average scenario is considered its withdrawal shall be taken as 2000 MW. The suppose a new generating plant of 400 MW comes into the state of Odisha then its drawl from ISTS may got reduce by 400 MW, but under the proposed amendment its billing will be done by multiplying slab with 2000 MW, hence there is no change in its billing even its drawl had reduced by 20%. Some small change in Actual usage may get reflected in POC charge but uniform charge and ultimate multiplication with slab rate erode all advantage.

On the issue of LTA vs. Actual Usage detail comments were sent while commenting on first amendment, most of which were not responded, a copy is again enclosed for reference. Unless the rate calculation and billing were done

on Approved injection and withdrawal declared by DIC, the true objective of Regulations will never be achieved.

It must be clearly distinguish that Access is a right and Usage is use of that right. If commission want this to based on "right " then this right of generator and drawee must be considered at par which is not seemed to be a case in case of proposed financial adjustment for Short term done under Regulation 11(9) in case of Generator only.

Hence suggestions from Regulatory Research India are:

a. Need of Slab and time line of Slabs: Slabs should be discontinued to reflect actual usage, if it needs to be there a time line for its withdrawal must e give. Slab should be designed based on transparent procedure discussed in open forum and approved by the Commission in place of some theoretical statement. If needed help of Indian statistical institute may be taken and formulation of no of slabs and their values. This is a cross subsidy mechanism in which surprisingly, low GDP and Generation rich states like NER and ER are subsidizing rich load intensive states of NR & WR.

b. When POC charges are calculated for a NEW Grid (SOR Para justifying it on the basis of National Grid Concept) why losses are calculated on Regional basis. The definitions of POC method and procedure under Regulation 7(q) does not stipulate it, it give power to IA only for procedure. losses should also be calculated and applied on grid basis

c. The amendment proposed in annexure para 2.8.1 may be dropped and POC rate of a zone must be calculated on actual figure of load flows and billing must be done on Approved injection or withdrawal which is given by DIC considering its LTA and not necessarily equal to LTA.

We are thankful to the Commission for providing this opportunity to us for commenting on a great regulatory step taken by Central Regulator in form of this Regulations on Point of Connection Charges for transmission charges. We had given our comments and in case of public hearing, we would like to present all these points, in form of a presentation. We wish all success in implementation of this and expect that our comments would be taken as an effort to contribute in common goal of development of Indian Power Sector.

Annexure-I

Schedule of Transmission Network Use of System Demand Charges (£/kW) and Energy Consumption Charges (p/kWh) for 2011/12

Table 1.12

The following table provides the Zonal Demand and Energy Consumption TNUoS tariffs applicable from 1st April 2011.

Demand Zone	Zone Area	Demand Tariff (£/kW)	Energy Consumption Tariff (p/kWh)
1	Northern Scotland	6.535401	0.886871
2	Southern Scotland	11.730556	1.666105
3	Northern	15.684824	2.170176
4	North West	19.449161	2.736856
5	Yorkshire	19.582975	2.704505
6	N Wales & Mersey	20.204644	2.952899
7	East Midlands	22.205396	3.095769
8	Midlands	23.811436	3.387267
9	Eastern	22.671734	3.127405
10	South Wales	22.846195	3.097454
11	South East	26.737000	3.736654
12	London	27.943266	3.779345
13	Southern	27.567648	3.910939
14	South Western	28.408897	3.887151

FAX

भारत सरकार केंद्रीय विद्युत प्राधिकरण दक्षिण क्षेत्रीय विद्युत समिति बेंगलूर- 560 009		**Government of India Central Electricity Authority Southern Regional Power Committee Bangalore- 560 009**
Email:mssrpc@ yahoo.com	Phone: 080-22287205	Fax: 080-2259343
सं/No. SRPC/SE-I/2012/2206	दिनांक / Date	02.03.2012

Secretary
CERC
New Delhi.

Sub: Draft Amendment to Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2010.

...

Sir,

Kind reference is invited to the Public Notice dated 14th February 2012 on the subject. The comments/suggestions/objections of SRPC Secretariat on Draft Amendment to Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2010 is furnished in the Annexure for kind consideration please.

Encl: as above

Yours faithfully,

(एस.आर. भट्ट/**S.R. BHAT**)
प्रभारी सदस्य सचिव / Member Secretary I/c

SRPC Secretariat comments/suggestions/objections on the Draft Amendment to Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2010

I. Amendment to Regulation 2 of Principal Regulations

(1) As the overload capability of 105% /110% of installed capacity shall not be used for calculation of the approved injection under long term access, it is proposed that the formula as given below may also please be inserted in the clause for the computation of approved injection:

Approved injection for Hydro & Thermal Generators = Installed Capacity*(1- Normative Auxiliary Consumption as per CERC norms)

(2) The following may also be inserted under sub-clause (f) of clause (1):

Approved withdrawal would be the summation of weighted average allocated share from central generating stations considering the ex-bus of generating stations and long term access, medium term open access granted by CTU

II. As per clause 2 (36) of Electricity Act 2003, inter-State Transmission System includes the following:

(i) any system for the conveyance of electricity by means of main transmission line from the territory of one State to another State

As can be seen, this definition covers all inter-State lines irrespective of the voltage level or ownership. Hence, it is felt that there may not be any need to define 'natural' inter-State transmission lines since the definition in the Act is self contained.

III. Amendment to Annexure of the Principal Regulations

"Step 4: Requires modification as under:

> ***"Step 4: The entire YTC of the Talcher-Kolar HVDC transmission link shall be borne by the DICs of the Southern Region by scaling up their PoC charges. PoC injection charges for 10% of approved injection of Talcher-II station to the State of Odisha shall be charged at the PoC injection rate of Talcher-II station as per Sharing Mechanism in the NEW grid".***

The basis for raising bills for transmission charges of generators on long term beneficiaries for the approved long term injection is to be based on the percentage allocation. In this case, Odisha is having 10% allocation from Talcher Stage-II.

IV. Inter-State 220 KV and below flow of Power.

Comment: The procedure of PoC calculation is given below for ready reference:

Step 1: Base network is modeled which will show downstream zone getting fed from upstream zone through inter-state 220 KV system.
If such inter-state 220 KV system would not have been modeled, then with the same Load-Generation, power flow into 400KV upstream zone's node through 400 KV system would have got reduced by the extent (approx) of power flow in the inter-state 220 KV system.

Step 2: Base network is truncated at 400 KV level in such a manner that the flow in 400 KV system remains the same. This is done by adding static load at 400 KV node equivalent to power flow from 400 KV system to downstream. Thus this static load connected in truncated network in upstream zone also includes the power flow in the inter-state 220 KV system flowing downstream. If such inter-state 220 KV systems would not have been modeled, then with the same Load-Generation in the system the static load connected in upstream would have been of smaller quantity.

Step 3: Transmission charge payable by the node as per PoC mechanism is calculated, which is a function of location and quantity of static load connected at that node.

Inference: The transmission charges payable by upstream node also includes the power flow through inter-state 220 KV system. This may even lead to

upstream zone to contemplate opening of inter-state 220 KV system so that in respect of next year PoC calculation , it can save from paying additional transmission charge on account of power flow through inter-state 220 KV system.

Solution: "Natural" ISTS lines at lower voltage, which get truncated at 400 kV shall be represented by connecting lines at a fictitious lower voltage ISTS node in the downstream network in the 400 kV truncated network to nearest 400 kV node upstream. These lines shall correspond to "Natural" ISTS lines. The load at fictitious Lower voltage ISTS node will correspond to power flow through "Natural" ISTS lines. Corresponding load will be deducted from the upstream 400 kV node from which this fictitious line emerges.

For example, power flow from Karnataka to Kerala on 220 kV Kadakola – Kaniyampetta inter state line of 180 MW shall be represented at fictitious lower voltage ISTS node at Kaniyampetta. This Kaniyampetta node shall be connected to Mysore 400 kV node through 220 KV line representing 220 kV Kadakola – Kaniyampetta line. The equivalent load at Mysore node for Karnataka will be deducted by 180 MW and added at Kaniyampetta.

This changed truncated network will thus automatically take care of the flow in inter-state 220 KV system. Actual user will also pay the transmission charge as per PoC method.

V Natural Lines Transmission Charges/.

Comment: It has been proposed to recover the transmission charges of "natural" ISTS lines. However, the method to be adopted has not been spelt out. In case the cost of such lines is going to be apportioned to all the 400 kV lines, then transmission charges recovered of such lines will not reflect fully the usage of such "natural" ISTS lines.

Inference: In that event, the transmission charges recovered in respect of "natural" ISTS lines may not be as per the usage which is against the purpose of PoC mechanism which states that transmission charge of each line shall be as per extent of usage of this line by various nodes.

Suggestion: Methodology suggested above for taking care of 220 KV interstate will also take care of the transmission charge recoverable by the node using it as per PoC mechanism.

It may be added in this context that there are only 84 such lines which need to be considered.

VI. STOA double billing who has taken LTA with unidentified beneficiaries

Comment: The reason for offsetting of transmission charges payable by an entity under STOA which has already paid transmission charges under LTOA though having no identified LTA customer and is selling power under STOA, is to

avoid double payment of Transmission charge for the same quantum of power sold. However, this offset was only if the power sold was to targeted region.

Inference: For each unit of power sold, two set of transmission charges need to be paid - Injecting transmission charges and Drawee transmission charges. LTA entity has to pay injection transmission charges of the zone where it is situated and also drawee transmission charge of the region where it has unidentified beneficiary. While selling power under STOA again, the entity needs to pay Injection transmission charge of the zone where it is situated and also drawee transmission charge of the zone where its beneficiary is situated. If the beneficiary is however situated in the targeted region, the offsetting to transmission charge payable under STOA will take place since it has already made payment under LTA.

But if the beneficiary is not situated in the targeted region, then offsetting of transmission charge payable under STOA will not take place. However under this case also, the entity needs to pay Injection transmission charges.

Suggestion: Offsetting of the injection charges payable under STOA upto the quantum of LTA and also offsetting of drawee transmission charge payable if STOA is in the targeted region.

VII. Truing up for recovery of CTU's system cost.

Suggestion: The truing up exercise carried out by CTU can be disclosed to the utilities and also the RPCs.

VIII. The entire YTC of the Talcher - Kolar HVDC transmission link shall be borne By the DICs of the Southern Region by scaling up their PoC charges.

Comment: The proposed method of with and without Kolar actually requires reduction of load on pro rata basis. This actually captures the reduction in usage of AC system by various loads when reduced on pro rata basis when Kolar injection is removed. This has no correlation in usage of Talcher- Kolar HVDC link by various loads, which transmits power upto Kolar. In case this exercise could have been carried out without reduction in load then incremental transmission charge payable by loads in the case of with and without would have shown how the loads have benefited on account of the Talcher-Kolar Link.

In the adopted method of with and without case, incremental transmission charges payable by nodes also becomes a function of the reduction of load from the previous case which is done on pro rata basis and hence distorts the actual usage of Talcher- Kolar link by nodes.

But on account of reduction in load to match load generation, the benefit in transmission charges payable by the load is on account of reduction in the load and not as per the usage.

Inference: The actual usage of Talcher-Kolar link can be obtained by LTA of Talcher Stage-II as the power carried by it is Talcher Stage-II power.

In the current scenario, Odisha is paying PoC charge of Southern Region, which is actually the transmission charge payable by Talcher Stage-II for usage of Southern Region A/C transmission system. Talcher Stage-II has to pay transmission charge of SR hence Odisha needs to pay the same. Hence it is felt that the transmission charges payable is for SR Grid and can therefore figure in the RTA in respect of SR. The existing sharing methodology for Talcher St II may thus be retained.

IX. An inter-State Generating Station (ISGS) directly connected to the 400 kV inter-State Transmission System shall be treated as a separate zone

Comment: The manner of calculation of Zone Generation PoC has not been spelt out.
Further, MAPS, Kalpakkam (ISGS) is connected through 220 KV lines belonging to TN.

X. Truncation of Base Case Network.

The base case network when truncated should show the entire static load at all the nodes. Even in the case when the node is a pure source and Load connected to such nodes show zero usage. It is felt that the same was not depicted in the previous year case.
Example: Puducherry is drawing around 350 MW from the Central Sector. Out of this, around 75 MW is drawn through Puducherry 400 KV substation while 225 MW is drawn directly through NLC TS-II Stage 1. However, while truncating 75 MW was shown and 225 MW was not shown at NLC end since NLC is a pure source and Puducherry load at NLC would have shown 0 Usage.

Hence when Zonal PoC of Puducherry was calculated (pre Validation Committee meeting on 03.06.2011)
Tr. Charge Payable by Puducherry (for 75 MW)/75 MW * 350 = Rs 95,000/-. 225 MW drawal with zero usage was omitted.

The same should have been as follows:-

Tr. Charge Payable by Puducherry (for 350 MW which corresponds to 75MW)/350*350 = Rs 80.000/-

But in accordance with the decision taken in the Validation Committee Meeting held on 03.06.2011, method of dividing by LTA was evolved and hence Puducherry was not affected.

XI Issue of Certification of Non ISTS Lines carrying Inter State Power

As contained in the SOR it is felt that technical consultations with IIT Mumbai can be held to evolve a proper methodology for certifying Intra state lines used for inter – state transmission of power.

BEFORE THE CENTRAL ELECTRICITY REGULATORY COMMISSION

L-1/44/2010

In the matter of:

Draft Amendment to Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2010.

West Bengal State Electricity Distribution Company Limited

... Objector

INDEX

Filed by,

TRILEGAL
Advocates for the Objector
A-38, Kailash Colony
New Delhi-110048

Place: New Delhi
Date: 13.03.2012

BEFORE THE CENTRAL ELECTRICITY REGULATORY COMMISSION

L-1/44/2010

In the matter of:

Draft Amendment to Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2010.

West Bengal State Electricity Distribution Company Limited

... Objector

Most respectfully states:

The Objector herein has the following comments / suggestions on the proposed amendments:

(i) The proposed amendment of sub-clause (f) of clause (1) of Regulation (2) of the principal regulations is not compatible with the withdrawal concept. It may be applicable to injection.

(ii) The proposed insertion of first proviso to sub-clause (l) of clause(1) of regulation 7 speaks of slab rates for injection and demand POC charges for the year 2011-12 or any other periods to be determined by the CERC. Such a provision will be inconsistent with the Electricity Act 2003, which requires transmission charges to be determined in a manner that reflects the cost of such service. There is no scope of differentiation of transmission charges from cost of service. In any case, such amendment is inconsistent with the scope and purpose of the Regulations itself which aims at sharing of transmission charges and losses on the basis of capacity utilization by each of the DICs.

(iii) The proposed deletion of paragraph of (v) of sub-clause(t) of clause(1) of regulation 7 will increase the approved injection charge to some of those user of the network who are not getting benefit of those pooling stations or the hydro-generating stations. Therefore, this clause may not be deleted.

Debasis Gupta.

OBJECTOR

Filed by,

TRILEGAL
Advocates for the objector
A-38, Kailash Colony
New Delhi-110048

Place: New Delhi
Date: 13.03.2012

BEFORE THE CENTRAL ELECTRICITY REGULATORY COMMISSION
3rd & 4th Floor, Chanderlok Building, 36, Janpath, New Delhi – 110 001

In the matter of:

Draft Amendment to Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2010.

Most respectfully states:

The following comments / suggestions on the proposed amendments may be considered by this Hon'ble Commission:

1. The reasons set out in the Explanatory Memorandum for the amendment of para (iv) of Regulation 7(1)(t) demonstrates incorrect appreciation of the issues raised by Lanco. The high charges in that case did not result from the fact that the State of Andhra Pradesh had a small quantum of LTA, which resulted in very high PoC charges. The difficulty arose from the fact that the Implementing Agency (IA) did not follow the regulations prescribed under clause 2.8.1 of Annexure to the Regulations for computation of zonal charges. Further, the IA proceeded to compute the Approved Injection only on the basis of the LTA whereas under the definition of 'Approved Injection', LTA is one of the factors and not the only factor to be considered for the purpose of computation of Approved Injection. The discrepancy arose since the IA had failed to consider that the treatment of ISTS has to be in line with the definition provided in the Electricity Act, 2003 which includes any system that is incidental to inter-state transmission of electricity. Even for the purpose of determination of LTA, the IA had only considered the LTA to the CTU and other inter-state licensees, but did not consider the LTA of state based generating stations to intra-state transmission system, which is incidental to

interstate transmission of electricity, and therefore forms part of the ISTS. None of these fundamental flaws in the computation of PoC charges have been addressed in the proposed amendments. The proposed amendment of para (iv) of Regulation 7(1)(t) does not address any of these fundamental issues in the application of the Sharing Regulations.

2. The proposed insertion of the definition of 'natural inter-state line' is inconsistent with the definition of ISTS under the Act. The Act does not contemplate any such distinction. Interstate transmission system has been defined in the Act in the following words:

"(36) " inter-State transmission system" includes -
(i) any system for the conveyance of electricity by means of main transmission line from the territory of one State to another State;
(ii) the conveyance of electricity across the territory of an intervening State as well as conveyance within the State which is incidental to such inter-State transmission of electricity;
(iii) the transmission of electricity within the territory of a State on a system built, owned, operated, maintained or controlled by a Central Transmission Utility."

Therefore, the inter-state transmission system for the determination of YTC and for computation of PoC charges has to take into account any system that is covered by such definition and there cannot be created artificial distinctions among different kinds of transmission systems. The flow of electricity being a 'natural' physical phenomenon, every part of the ISTS as defined under the Act is part of 'natural interstate line'. The law is well settled that a delegated legislation cannot be inconsistent with the provisions of the parent Act.

3. The creation of slabs for the purpose of fixing PoC charges is not only inconsistent with the provisions of the Act and Tariff Policy but also the Regulations themselves which aims to distribute the cost of transmission among

beneficiaries according to the extent of their utilization of the transmission lines.

4. The vast difference in PoC charges across regions arises due to the incorrect application of the existing Regulations whereby Approved Injection is computed solely on the basis of LTA of generating stations connected directly to the CTU. Such an approach is clearly erroneous since it has the effect of excluding other users of the ISTS from sharing of the transmission charges. Since it is not mandatory for the STUs to avail LTA to the CTU, therefore the state-based generators who are connected to the intra-state network are not liable for sharing of PoC charges (not having an LTA with the CTU) even though they may be utilizing ISTS capacity on long term and consistent basis. This will only encourage malpractice in the sector where generators will connect to the intra-state network to avoid payment of PoC charges.

5. The proposed modification to the table in para 2.8.1 is unreasonable and inconsistent with the provisions of the Regulations. It seeks to unjustly and unfairly foist any generator who is having a LTA directly with the CTU, with the entire burden of transmission charges for the zone to which it belongs. The Hon'ble Commission is required to appreciate the issue of open access and connectivity of state based generators connected to intra-state network, having regard to the definition of ISTS in the Act. It is an undeniable position that the planning and development of the CTU is carried out having regard to the requirements and projections of the STUs. Therefore, there is no reason why state based generators deriving the benefit of the ISTS should be immune to payment of transmission charges. The inability of the IA or the

CTU to implement and recover transmission charges from state based generators cannot be a consideration to thereby load the entire transmission cost to the generators who are directly connected to the CTU and have an LTA. The glaring example is the state of Andhra Pradesh where the entire charges for the ISTS capacity of more than 4000 MW had been foisted on Lanco which had a generating capacity of about 350 MW and was the only generator in the state to have an LTA.

6. The Hon'ble Commission should ensure that the IA under the Regulations is an independent body that is not related to actual grid operation since it would otherwise result in conflict of interest.

7. It is respectfully submitted that the Hon'ble Commission should carry out a detailed inquiry into the basic and fundamental issues involved in the operation of the PoC system through an independent and specialized entity. Since the PoC is a new system, it is natural that the implementation thereof may be fraught with various difficulties. The Hon'ble Commission may consider a mechanism where any process that is followed under the Regulations is applied on an experimental basis for a reasonable period of time before being formally incorporated as part of the Regulations. This will help in avoiding repeated amendments and regulatory inconsistency.

TRILEGAL

A-38, Kailash Colony,

New Delhi - 110048

TRANSMISSION CORPORATION OF ANDHRA PRADESH

From:
Director (Grid Operations)
APTRANSCO,
Vidyut Soudha ,
Hyderabad–500 082.

To:
The Secretary,
Central Electricity Regulatory Commission
(CERC), 3rd & 4th Floor, Chanderlok Building,
36, Janpath,
New Delhi–110 001. Fax- 011-2375 3920

Lr No ED/Plg/ DE(Comml-1)/F-CERC/ D No : 54 / 12 dt 09 . 03 .2012

Sir,

Sub: - Draft Amendment to CERC Regulations on Sharing of Inter State Transmission Charges and Losses, 2010 - comments - Reg.

Ref: - No.L-1/3/2009-CERC Dated 14th February, 2012.

Adverting to the above, the comments of APTRANSCO on certain points are submitted as follows.

1. **Amendment to Regulation-2 of Principal Regulations:-** The proposal to discontinue using the over load capability of generating units for calculating the approved injection under long term access(LTA) may be re-considered. Otherwise it will increase the Generation PoC charges for LTA beneficiaries. Hence existing method may be continued.

2. **Amendment to Annexure of the Principal Regulations (step 4 under sub-para2 of Para 2.7):-** The proposal to distribute the charges of Talcher-Kolar HVDC transmission link on DIC s of Southern Regions by scaling up their PoC charges may be reconsidered. Since AP is loaded with the PoC charges based on approved withdrawals and also as upstream or downstream network is not utilized by AP, The cost of HVDC may be apportioned as per the utilization of AC transmission system in terms of magnitude, direction and distance. Otherwise, the proportionate share of AP allocation from Talcher II may be deducted while allocating the HVDC charges.

Yours faithfully,

9/3/12

Director (Grid Operations)
APTRANSCO