

Explanatory Memorandum
to
Draft CERC (Sharing of inter-State Transmission Charges and Losses)(Fourth Amendment) Regulations, 2015
and
Draft Central Electricity Regulatory Commission (Power System Development Fund) (First Amendment) Regulations, 2015

1. Government of India, Ministry of Power has sanctioned the “Scheme for utilization of gas based power generation capacity” vide O.M. No. 4/2/2015-Th. I dated 27th March, 2015. Salient features of the scheme are as under:
 - (a) **Scope:** The scheme envisages supply of imported spot RLNG “e-bid RLNG” to the Stranded gas based plants as well as the Plants receiving domestic gas, upto the target PLF selected through a reverse e-bidding process.
 - (b) **Funding:** The outlay for the support from PSDF has been fixed at Rs. 3500 Cr. and 4000 Cr. for FY 2015-16 and FY 2016-17 respectively. Further, PSDF support has been apportioned between the two groups i.e. stranded plants and plants receiving domestic gas.
 - (c) **Eligible Utilities:** The eligible Gas based power plants under this scheme shall be the Stranded gas based plants and those Plants receiving domestic gas whose actual average PLF achieved during April-January 2014-15 was below the target PLF. The list of the eligible gas based plants which can participate in the bidding shall be declared prior to bidding based on the target PLF as decided by Empowered Pool Management Committee (EPMC).
 - (d) **Contribution by Different Stakeholder:** The scheme requires intervention/sacrifices by different stakeholders.

2. Paras 5 (x) & (xi) of the Scheme provides for exemption from transmission charges and losses and support from PSDF. The said paras are extracted as under:

"5. Contribution by different stakeholders:

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(x)Exemption from transmission charges and losses for stranded gas based power projects on lines of solar power on generation from the e-bid RLNG Transmission charges and transmission losses of the CTU and/or STU as the case may be, for the incremental gas based power so produced by the e-bid RLNG are waived off, on the lines of solar power.

*(xi) **Support from Power System Development Fund (PSDF):** PSDF support by the Government of India shall be made available to the Discom through a transparent reverse e-bidding process as explained at para 9 and 10 below. Further, the support from PSDF will be made available only for the incremental PLF above the base PLF achieved by the gas based plant during April-Jan, 2014-2015 and upto the target PLF. The incremental generation will be as defined by EPMC."*

3. In order to facilitate implementation of above two requirements of the Scheme, the Commission has proposed amendments to CERC (Sharing of inter-state transmission charges and losses) Regulations, 2010 (Sharing Regulations) and Central Electricity Regulatory Commission (Power System Development Fund) Regulations, 2014(PSDF Regulations).

4. The following two clauses are proposed to be added under Clause (1) of Regulation 7 of the Sharing Regulations to waive off transmission charges and losses for use of ISTS by projects under the MoP Scheme:

“(w) No transmission charges for the use of ISTS network shall be payable which is attributed to incremental gas based generation from e-bid RLNG for the years 2015-16

and 2016-17 in accordance with the scheme notified by the Government of India vide Office Memorandum No. 4/2/2015.Th.1 dated 27.3.2015.

(x) No transmission losses for the use of ISTS network shall be payable which is attributed to incremental gas based generation from e-bid RLNG for the year 2015-15 and 2016-17 in accordance with the scheme notified by the Government of India vide Office Memorandum No. 4/2/2015.Th.1 dated 27.3.2015.”

5. Para 10 of the Scheme provides that the scheme shall be applicable for 2 years i.e for FY 2015-16 and FY 2016-17 and will be reviewed thereafter. Accordingly the proposed waiver of transmission charges and losses shall be applicable only for 2 years i.e for FY 2015-16 and FY 2016-17.

6. The following amendments are proposed to Central Electricity Regulatory Commission (Power System Development Fund) Regulations, 2014:

“(3A) Notwithstanding anything contained in these regulations, any scheme sanctioned by the Central Government in the interest of development of power system which requires support from PSDF as part of the scheme shall be eligible for assistance from PSDF.”

7. Para 5 (xi) of the Scheme provides that support from PSDF will be made available only for the incremental PLF above the base PLF achieved by the gas based plant during April-Jan, 2014-2015 and upto the target PLF. Further Para 9(v) provides that in case of plants receiving domestic gas as mentioned in Annexure II of the OM, PSDF support will be limited to the actual generation from e-bid RLNG during relevant period above the base PLF upto the target PLF. Hence, the waiver of transmission charges and losses for use of ISTS shall also be applicable limited to the actual generation from e-bid RLNG during relevant period above base PLF (achieved by the gas based plant during April-Jan, 2014-2015) upto the target PLF as defined by Empowered Pool Management Committee (EPMC).