

**Central Electricity Regulatory Commission  
New Delhi**

**Coram:**

**Shri Gireesh B. Pradhan, Chairperson  
Shri A.K. Singhal, Member  
Shri A.S. Bakshi, Member**

**Date: 18.9.2015**

**In matter of**

**Central Electricity Regulatory Commission (Sharing of inter-State  
Transmission Charges and Losses) (Fourth Amendment) Regulations, 2015**

**Statement of Reasons**

1. The Government of India, Ministry of Power has sanctioned the “Scheme for utilisation of gas based power generation capacity” vide O.M. No.4/2/2015-Th.1 dated 27.3.2015. 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. The scheme is eligible for 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 scheme provides for exemption from transmission charges and losses and support from PSDF.
2. In order to facilitate implementation of the Scheme, the Commission proposed to amend the Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges & Losses) Regulations, 2010 by adding the following sub-clauses after sub-clause (v) of clause (1) of Regulation 7:

*“(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 sanctioned by the Government of India (Ministry of Power) vide Office Memorandum No. 4/2/2015.Th.1 dated 27.03.2015.*

*“(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 2015-16 and 2016-17 in accordance with the scheme sanctioned by the Government of India (Ministry of Power) vide Office Memorandum No. 4/2/2015.Th.1 dated 27.03.2015.”*

### 3. Comments :

Comments have been received from GRIDCO Limited, POWERGRID and LANCO

- 3.1. GRIDCO has submitted that Central Government, State Governments and various agencies are developing/implementing solar energy projects for fulfilment of Solar Purchase Obligation as specified by State Regulators mandated under 'Act'/ 'Policies' as a renewable source/non-conventional source of energy. Accordingly, state wise Solar RPO targets are to be achieved by the obligated entities which is being monitored by the State Regulatory Commissions. But in case of incremental gas based power plants, there is no such RPO Target to be met by the utilities. Thus, exemption of transmission charges and losses on the lines of Solar Power, as specified in the Para (5), item (x) of memorandum, does not appear to be reasonable/justified. GRIDCO has further submitted that as per the list of Gas based power plants enclosed at Annexure I & II of the said Memorandum, these gas based power plants are predominantly located in the states like Andhra Pradesh, Gujarat, Maharashtra, Uttarakhand. There is no such power plant in the states of Eastern Region, like Odisha, West Bengal, Bihar, Jharkhand, etc. In view of the above, the waiver of transmission charges for the use of ISTS Network indicates as if the non-beneficiary utilities are cross-subsidising the beneficiary utility which is against the spirit of Section 61(d) of the Electricity Act, 2003. Such cross-subsidy also violates the very objective of "Protection of Consumer Interest" specified under Clause 2.0 of National Electricity Policy. GRIDCO has also submitted that para 5(viii) of the said Memorandum specifies that the developers shall completely forego the return on their equity for the stranded gas based plants and the fixed cost recovery shall be limited to meet only the obligation towards debt servicing and Operation & Maintenance (O&M) cost. In GRIDCO's opinion if the State Governments/Central Government feel necessary to extend such benefit for Incremental Gas Based Power Generation Capacity, the transmission charges & losses should be rightfully borne by the Central Transmission Utility i.e. POWERGRID. GRIDCO has finally submitted that Odisha is in no way going to be benefited from such scheme and rates. GRIDCO has submitted that the charges and terms for the said scheme cannot be applicable to Odisha as the State will not use any facility, attributed to such scheme. Hence, the transmission charges may be levied on the concerned beneficiaries instead of waiving and cross-subsidising the same, which will also burden the consumer of non-beneficiary States.
- 3.2. POWERGRID has submitted that in the Central Electricity Regulatory Commission (sharing of inter-State Transmission Charges and Losses) (Fourth Amendment) Regulation, 2015, it is stated that the transmission charges & losses for use of ISTS in case of incremental gas based generation shall be

waived-off. Further, in explanatory memorandum it is mentioned that the waive-off is on lines of solar power. PGCIL has submitted that in case of solar power the whole generation from solar power plant is waived-off from the transmission charges but in the present case it is applicable only to the incremental actual generation produced by e-bidding of RLNG which shall be part of total generation. PGCIL has suggested that billing to such generator should reflect the waived off transmission charges on account of incremental generation for the generator of gas along with billed transmission charges for remaining generation. The exemption of transmission charges for incremental gas based generation should be socialized on national basis in PoC.

- 3.3. LANCO has submitted that for the gas based power plants in Andhra Pradesh, gas may be supplied in lieu of E-bid RLNG under the swapping mechanism as notified by Ministry of Petroleum and Natural Gas, under which the gas supplied to the fertilizers company will be swapped and in turn will be sold to IPPs in A.P. LANCO has suggested to include “or any other gas in lieu of E-bid RLNG” under the scheme in sub-clause (v) of clause (1) of Regulation 7 of the Principal Regulations as underlined below:

*“(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 or any other Gas in lieu of E-bid RLNG for the years 2015-16 and 2016-14 in accordance with the scheme sanctioned and notified by the Government of India (Ministry of Power) vide Office Memorandum No. 4/2/2015.Th.a dated 27.03.2015.*

*(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 or any other gas in lieu of E-bid RLNG for the year 2015-16 and 2016-17 in accordance with the scheme sanctioned and notified by the Government of India (Ministry of Power) vide Office Memorandum No. 4/2/2015.Th.1 dated 27.03.2015.”*

LANCO has submitted that the final notification will come after incorporating the comments/suggestions invited and will be effective from 1.6.2015, it may be notified that any transmission charges and losses paid by generator before the issue of final notification will be reimbursed back to the generators.

#### **4. Decision of the Commission:**

- 4.1. The Commission has considered the comments received on the proposed amendment. The scheme for utilization of Gas based Power Generation capacity for 2015-16 and 2016-17 has been approved by the Government of India vide Office Memorandum dated 27.3.2015. The scheme envisages supply of imported spot “e-bid RLNG” to the stranded gas based plants as well as the plants receiving domestic gas up to the target PLF of 25% for five (5) monsoon

months and 30% for seven (7) non-monsoon months for FY 2015-16 and 2016-17 for stranded plants as well as plants receiving domestic gas.

- 4.2. With regard to GRIDCO's comments that in case of solar, there is a Solar Purchase Obligation and State-wise Solar RPO target are monitored by the State Commission, and there is no such RPO target in case of incremental gas based power plants and therefore, exemption of transmission charges is not reasonable or justified, it is clarified that in case of solar generation, exemption from payment of transmission charges has been granted in order to promote the solar energy generation. In the SoR to the Sharing Regulations, the following reasons were given among other reasons for exempting the solar generation from transmission charges and losses:

*"The cost of energy from solar based generation is in the range of Rs.14-18/KWh and application of ISTS charges and losses would further reduce the acceptability of power generated from solar sources".*

- 4.3. GRIDCO has submitted that the gas based power plants included in the above mentioned Memorandum are predominantly located in the State of Andhra Pradesh, Gujarat, Maharashtra and Uttarakhand and Eastern State like Odisha are not going to be benefited from such scheme. GRIDCO has therefore submitted that the transmission charges may be levied on the concerned beneficiaries. In this regard it is clarified that Government of India has sanctioned the scheme for utilization of gas based power generation capacity of stranded gas based plants as well as the plants receiving domestic gas up to the target PLF, as a policy measure. The scheme inter-alia envisages sacrifices to be made collectively by all stakeholders. The interventions/sacrifices approved under the scheme include waiver of transmission charges and losses for the incremental gas based power produced by e-bid RLNG on the lines of solar power.
5. With regard to POWERGRID's comments regarding showing waived off charges and billed charges separately, we would like to refer to Para 5 (xi) of the OM of Ministry of Power which indicates 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 up to the target PLF. Further, para 9 (v ) indicates that in case of plants that have received domestic gas as mentioned in Annexure-II therein, PSDF support will be limited to the incremental generation from e-bid RLNG during relevant period above base PLF up to the target PLF. Hence, the waiver of transmission charges and losses for use of ISTS shall be applicable to the extent of incremental generation from e-bid RLNG during relevant period above base PLF (achieved by the gas based plants during April-Jan, 2014-2015) up to the target PLF as

defined by Empowered Pool Management Committee (EPMC). To incorporate such waiver following procedure is to be adopted:

- (i) The incremental gas based generation through e-bid RLNG or E-RLNG would be scheduled as separate generation source for relevant gas based generation projects.
- (ii) The incremental gas based generation through e-bid RLNG can be transacted and scheduled through any type of access in ISTS.
- (iii) There can be following types of generators who will transact through ISTS under the Scheme for incremental e-bid RLNG:
  - (a) Generators who have identified long term beneficiaries and are selling to the beneficiaries of station under e-RLNG scheme. e.g. NTPC stations like Dadri, Auraiya, etc.
  - (b) Generators who have identified long term beneficiaries and are selling to the buyers other than beneficiaries of station under e-RLNG scheme. e.g. NTPC stations like Dadri, Auraiya etc.
  - (c) Generators without having LTA and selling through STOA under e-RLNG scheme.
  - (d) Generators having LTA to target region and selling through STOA under e-RLNG scheme.
- (iv) The waiver to transmission charges for ISTS would be provided as follows for the above cases mentioned under para 4(iii) above, in seriatim:
  - (a) For case (a), the beneficiaries of these stations are already bearing transmission charges under LTA. The quantum on which waiver is to be given shall be calculated as POC Withdrawal rate X Quantum. This waiver can be calculated only post facto when scheduling for this power has been done under e-RLNG. Hence such waiver shall be calculated separately and shall be adjusted in next month bill of the beneficiary/DIC.
  - (b) For case (b), such stations if transacting under STOA, transmission charges shall not be billed and collected by nodal agencies for such STOA transaction for quantum transacted under the scheme.
  - (c) For case (c), no transmission charges shall be billed or collected by nodal agencies for STOA transactions.
  - (d) For case (d), STOA transmission charges will not be billed or collected by nodal agencies. But in case of normal transactions STOA charges would have been offset from charges for LTA to target region. Hence to provide waiver, generator should be provided waiver of transmission charges from LTA quantum also. Hence generator will additionally get waiver to the extent of (quantum of e-bid RLNG transaction as eligible

for waiver)\* POC injection rate for such generator. Such amount shall be offset from next month's bill.

- (v) Every month, RLDCs shall inform quantum of energy/MW scheduled for the gas based generation under E-RLNG scheme under (iv)(a) above to RPCs and thereafter RPCs shall indicate quantum on which concession is to be given & applicable concession charges, for each generator / DIC separately in the Regional Transmission Account.
- (vi) Such amount which have been waived for e-RLNG scheme(in case of LTA transactions), CTU shall recover such waived monthly transmission charges from the monthly STOA charges collected and CTU would disburse the balance STOA charges collected to DICs as per the regulations.
- (vii) The procedure for removing difficulties, if any, in implementation of above scheme may be discussed and finalised in the Validation Committee Meeting.

5.1. As regards the suggestion by POWERGRID for inclusion of transmission charges for incremental gas based generation in PoC computations, it is clarified that the waiver of transmission charges shall be as per the procedure detailed above.

5.2. As regards the swapping of gas, there is no explicit provision in the MoP Guidelines for swapping of gas between e-bid RLNG with any other gas. Since the scope of the amendment is to give effect to the MoP Guidelines, the suggestion of LANCO is outside the scope of the amendment. As regards reimbursement of transmission charges and losses paid by generator before the issue of final notification, it is clarified that in the draft regulation it was proposed that it would be applicable with effect from 1.6.2015 and no objection has been received in this regard. Though the delegated legislation should not be normally given retrospective effect, considering the fact that the amendment is aimed at giving effect to the guidelines of MoP which has been made operational with effect from 1.6.2015, the regulation should come into effect from 1.6.2015 and the waiver of transmission charges and losses would be applicable from the same date.

6. In view of the above, proposed Regulations 7(1)(w) and 7(1)(x) shall be modified as under in the final Regulations:

“(w) No transmission charges for the use of ISTS network shall be charged to incremental gas based generation from e-bid RLNG for the years 2015-16 and 2016- 17.

(x) No transmission losses for the use of ISTS network shall be attributed to incremental gas based generation from e-bid RLNG for the year 2015-16 and 2016- 17.”

sd/-  
**(A.S. Bakshi)**  
**Member**

sd/-  
**(A. K. Singhal)**  
**Member**

sd/-  
**(Gireesh B. Pradhan)**  
**Chairperson**