

# पावर सिस्टम ऑपरेशन कॉरपोरेशन लिमिटेड

(पावरग्रिड की पूर्ण स्वामित्व प्राप्त सहायक कंपनी)

## POWER SYSTEM OPERATION CORPORATION LIMITED

(A wholly owned subsidiary of POWERGRID)



पंजीकृत एवं केन्द्रीय कार्यालय: बी-9, प्रथम तल, कुतुब इंस्टीट्यूशनल एरिया, कटवारिया सराय, नई दिल्ली-110 016  
Registered & Corporate Office : B - 9, 1st Floor, Qutub Institutional Area, Katwaria Sarai, New Delhi - 110 016  
Website : www.posoco.in, www.nldc.in, Tel: 011-26536832, 26524522, Fax: 011-26524525, 26536901

POSOCO/886

Date: 25<sup>th</sup> November 2016

सेवा में,

सचिव

केंद्रीय विद्युत विनियामक आयोग

तृतीय एवं चतुर्थ तल, चंद्रलोक भवन

36 जनपथ

नई दिल्ली-110001

**विषय: Draft Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) (Fifth Amendment) Regulations, 2016 and Draft Central Electricity Regulatory Commission (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) (Sixth Amendment) Regulations, 2016.**

महोदया,

Please find enclosed herewith the Views / suggestions on behalf of RLDCs / NLDC on the CERC (Sharing of Transmission Charges and Losses) (5<sup>th</sup> amendment Regulations), 2016 and CERC (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) (Sixth Amendment) Regulations, 2016.

Thanking You,

Encl: As above

Yours faithfully,

*एस एस बड़पंडा*

(एस. एस. बड़पंडा)

अपर महाप्रबंधक, रा. भा. प्रे. के.

**Views / suggestions on behalf of RLDCs / NLDC on the CERC (Sharing of Transmission Charges and Losses) (5<sup>th</sup> amendment) Regulations, 2016**

**Background**

The Hon'ble Commission notified the CERC (Sharing of Inter State Transmission Charges and Losses) Regulations on 15<sup>th</sup> June 2010. In view of a major change in methodology of sharing, the Hon'ble Commission had provided for a smooth transition process by way of 50% uniform charge, 50% uniform loss etc. An Implementation Committee comprising of members from CEA, CTU, RPCs, five STUs and POSOCO had been constituted by the Hon'ble Commission to undertake various capacity building workshops and all other necessary activities for ensuring timely implementation of the provisions of the Regulations. Various implementation related issues were deliberated in the meetings of the Implementation Committee and based on the discussion, the Implementing Agency had submitted a proposal to the Hon'ble Commission for removal of difficulties.

The Hon'ble Commission had issued orders on removal of difficulties before actual implementation of the Regulations w.e.f. July 2011. Definitions of Approved Injection / Approved Withdrawal, YTC in the absence of line-wise data, scenarios to be considered for computation, slab based charges and losses etc. were addressed. Subsequently after due consultation, four amendments to the Regulations were issued on 24.11.2011, 28.3.2012, 01.04.2015 and 03.07.2015. The amendments resolved most of the issues addressed earlier.

Based on issues raised by some of the stakeholders before various forums and courts, the fifth amendment to the Regulations has been proposed. Though some of the newly proposed amendments are welcome, on some others more clarity is sought in order to avoid any further disputes. It is also suggested that while addressing issues raised by some of the stakeholders, its overall impact may also be kept in view. As Implementing Agency, NLDC and RLDCs are closely associated with the implementation process and some major issues that could arise in future are envisaged as below:

**Reliability Support Charge for Connectivity Quantum**

It may be categorically specified in the Regulations that CTU will provide the details of effective connectivity quantum of each generator to the Implementing Agency and

RPCs. In case of STOA transactions, reliability charges are bundled into transmission charges for the purpose of billing by Nodal RLDCs. But, in future, off-set of reliability charges if done for STOA transactions has to be shown separately in the STOA bill/ Format-VI.

Amendment to sub para (2) of Para 4 of Regulation 11 of the Principal Regulations

In the explanatory memorandum it has been stated that “Applicants are liable to pay reliability support charge for the balance quantum of connectivity for which there is no LTA/MTOA. It may be appreciated that all the entities connected to the grid are availing reliability support of the grid and should be required to pay reliability support charge. Further, to bring in more clarity and keeping the intent of the Hon’ble Commission, sub para (2) of Para 4 of Regulation 11 may be reworded as under:

**Reliability Support charge**

**For generators with no LTA or having LTA to target region**

[Reliability Support charge Rate in Rs./MW/month] x [Connectivity quantum]

**ISTS charges and losses for wind and solar projects**

The application should clearly mention whether the sale of power is from the wind projects awarded through competitive bidding or whether the DISCOM is buying power to fulfill the Renewable Purchase Obligation. This may require amendments in Open Access Regulations also.

**Amendments with regard to POC Rates to be considered for billing DICs whose rate is not available**

In order to bring further clarity, the new Clause (7) added after Clause (6) to Regulation 8 of Principal Regulations may be reworded as

*“(7) For generators with LTA to target region whose POC rate has not been determined for the quarter, shall be billed at Average **withdrawal** PoC rate of target region.”*

**Rates of MTOA/STOA**

Most of the hydro generating stations operate at 40% load factor in lean season. Further, plf of thermal stations is also of the order of 60%. It is likely that the generators may apply for much lesser LTA than their connectivity/installed capacity and sell power under STOA/MTOA to minimize their long term transmission charge

liability, thus leading to inefficient transmission planning. Therefore, there is a need to increase the rates for MTOA and STOA transactions by the generators who have not obtained LTA for full quantum

Let us take an example of a generator 'A' having LTA of 150 MW to target region. 'A' enters into an MTOA contract of 130 MW with beneficiary 'B'. As per the draft amendment regulations, it is understood that transmission charges payable by 'B' would be  $1.25 \times \text{PoC rate of 'B'} \times 130 \text{ MW}$  (MTOA contract) and 'A' will pay for  $(150-130)$  i.e. 20 MW @ PoC rate of 'A'. Beneficiary 'B' would be having allocation/LTA from other generating stations also and transmission charges payable by 'B' would be calculated by multiplying PoC rate of 'B' with its approved withdrawal quantum. RPCs may find it difficult while preparing regional transmission accounts for such beneficiaries as two different rates will be applied for two different quanta for the same beneficiary.

At present, transmission charges are being collected for all STOA transactions irrespective of the LTA to target region. The same are offset by CTU through bills raised in the next month. As per amended regulations, entities having LTA to target region transact through STOA without availing the LTA quantum will be charged at higher a PoC rate i.e. 1.35 times the normal STOA PoC rates. This is also difficult to implement. For example: Let us consider a generator capable of selling 1100 MW. Let there be an LTA of 1000 MW out of which 900 is tied up with identified beneficiary. If the generator sells 200 MW under STOA, it would be extremely difficult to deal with the part capacity within 1000 MW and the rest crossing 1000 MW.

In the explanatory memorandum, Hon'ble Commission has cited that more MTOA/STOA will lead to congestion, as no transmission links are built and it would lead to inefficient transmission planning. So, increase in MTOA/STOA charges for only target beneficiary will not help to discourage MTOA/STOA transactions. Let us take an example of another entity 'X' having total capacity of 450 MW. Let the entity has LTA of 200 MW to target region and the balance capacity remains as 250 MW. Now, the entity has applied for STOA of 100 MW. It would be difficult to differentiate whether the applied 100 MW under STOA is the part of LTA (200 MW)

or the balance capacity (250 MW). Therefore, it is suggested that all MTOA/STOA transactions may be charged at a higher rate instead of 1.25 or 1.35 times the PoC rate. The intention of the Hon'ble Commission may be satisfied by giving an offset to the generators who have availed LTA for full quantum through the bill raised in the next month.

It may happen that a beneficiary has taken LTA for target beneficiary say 100 MW in Northern Region. It is having capacity of 250 MW to sell. It may be clarified whether the increased charges would be applicable up to 100 MW only or beyond that. If it is applicable for 100 MW only then how RLDC will bill for STOA if the quantum sought is 200 MW? Complexity may increase if the application is again revised by 100 MW. It is not clear whether the refund will be given at increased rate of STOA or normal rate of STOA.

#### **Amendments related to offset provided for charges paid under MTOA/STOA by LTA Customer**

The PoC rates used for billing and accounting purposes are known upfront. Therefore, instead of adjusting the transmission charges through bill raised in the next month, the quantum of Medium-term Open Access to any region may be adjusted in the current month against the quantum of Long-term Access to the target region limited upto quantum of Long Term Access.

#### **Other Comments / Suggestions**

##### **Connectivity limit:**

As per CERC order 302/MP/2013 generators are not to be scheduled beyond 100% of MCR, so that the generator can provide FGMO/RGMO response.

Total LTA/MTOA/STOA should be within the connectivity quantum. To avoid any ambiguity, it is suggested that connectivity may be given to a generator on its 100% MCR less normative auxiliary.

**Inputs on the Draft Central Electricity Regulatory Commission (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) (Sixth Amendment) Regulations, 2016**

**A. Provisions related to Long Term Access**

The draft amendment proposes that the Long term access be granted for a minimum period of 7 years from the present 12 years to bring it in alignment with the Long term contracts as provided in the "Guidelines for Determination of Tariff by Bidding Process for Procurement of Power by Distribution Licensees dated 19<sup>th</sup> January, 2005". Further, period of Medium Term Open Access is being proposed to be changed to 1-5 years in accordance with GoI guidelines. Thus, the "period of access" as per Regulations and "period of contract" as per GoI guidelines are being sought to be harmonised. However, the draft amendment mentions that PPA for not less than a year shall be considered for scheduling under Long term Access for LTA customer with target region.

**POSOCO Suggestions:-**

It is suggested that the period of PPA should be at least for 7 years for scheduling under LTA, other-wise contracts for shorter term would be submitted for scheduling under LTA. This would lead to issues like too many PPA's, leading to frequent curtailment of MTOA/STOA transactions and uncertainties in access. Also, PPA of such short period is in a way similar to the MTOA transactions, and scheduling these PPA by curtailing MTOA/STOA amount to priority over MTOA/STOA. This is not in alignment with the provision of non-discriminatory Open access

**B. Insertion of a new Regulation in the Principal Regulations:** The draft amendment proposes that Regulation 15B shall be inserted after Regulation 15 of the Principal Regulations as under:

*"15B. Firming up of Drawl or Injection by LTA Customers:*

*"---Provided also that if the capacity required for scheduling of power under LTA has already been allocated to any other person under MTOA and/or STOA, then MTOA and/or STOA shall be curtailed in accordance with priority for curtailment in accordance with Regulation 25 of these Regulations corresponding to the quantum and the period of the PPA..."*

**POSOCO Suggestions:-**

The LTA/MTOA /STOA are mutually exclusive products and one window is open at a time with no overlapping. It is suggested that LTA start time should be at least 3 months after date of submission of PPA, so that it does-not clash with STOA timelines.

The curtailment of MTOA/STOA transactions in lieu of scheduling of power under LTA, will necessitate tagging of specific MTOA/ STOA for this purpose. At present all transactions of same category (LTA / MTOA / STOA) have same priority and the proposed provision will lead to a situation of different priority within the same category. This may require suitable amendments in other CERC Regulations such as Open access in inter-state transmission Regulations, Procedure for making application for grant of LTA/MTOA and other related Regulations.

**C. Insertion of new Regulation 16 B in the Principal Regulations**

A new regulation shall be added below Regulation 16A

*"16B Under-utilization of Long term Access and Medium term Open Access*

*"In case it is observed by RLDCs that the LTA/ MTOA customer's request for scheduling is consistently (for more than 5 days) lower than the capacity granted by the Nodal Agency (i.e. CTU), RLDC may issue a notice to such LTA/MTOA customer asking the reasons for such under-utilization. The LTA/MTOA customer shall furnish the reasons for such under-utilization and will provide such details like the reduced requirement, likely period, etc. by the following day. The un-utilized transfer capability will then be released for scheduling of Medium term and Short-term open access transaction depending upon the period of such underutilization with a condition that such transaction shall be curtailed in the event original LTA/MTOA customer seeks to utilize its capacity."*

### **POSOCO Suggestions:-**

The regulation will help in utilisation of the available margins across inter-regional corridors in an optimised manner. However, the provision of curtailment, in case the original LTA/MTOA customer seeks to utilize its capacity, may be reviewed by the Honourable Commission. All STOA transactions have the same priority and the proposed Regulation will lead to a situation of tagging of MTOA/STOA transactions to individual LTA/MTOA transactions. Since, the margin would be released in accordance with the likely period of under-utilization of the LTA/MTOA as submitted by the customer, hence there is no question of likely call back of the under-utilized capacity.

#### **D. Amendment of Regulation 8 of Principal Regulations: Clause (8) of Regulation 8 of the Principal Regulations:**

*“...Provided that where the dedicated transmission lines have already been constructed/are under construction by CTU under coordinated transmission planning.*

- a. *The transmission charges for such dedicated transmission lines shall be payable by the concerned generating company to the transmission licensee (including deemed transmission licensee) from the date of COD of the dedicated line till operationalization of LTA of the generating station of the generating company”*

### **POSOCO Suggestions:-**

The draft amendment proposes that in case of dedicated transmission line from generating station of the generating company to the pooling station of the transmission licensee (including deemed transmission licensee), shall be developed, owned and operated by the applicant generating company. This is a welcome step, considering intent of the Act and Judgment of the Hon'ble APTEL, as enumerated in the explanatory memorandum. However, exemption is being proposed for cases where the connectivity lines have been constructed or are under construction. This would lead to a situation where sharing of charges of dedicated line are different for different generators as explained with examples below:

#### Dedicated lines converted to ISTS

There are examples, wherein the Generators developed and operated the dedicated transmission lines from generating station of the generating company to the pooling station of the transmission licensee, and thereafter the dedicated transmission lines got converted into ISTS Lines. The transmission charges are shared by means of PoC mechanism thereafter . Some of them are illustrated below:

- Jindal Power (TAMNAR-Raipur 400 kV D/C), Adani Mundra Plant(Mundra-Sami-Dehgam 400 kV D/C)

#### Dedicated lines planned as ISTS by same company or sister concern

Transmission system for evacuation from Essar Power Mahan (LILo of Korba-Vindhyachal 400 kV S/C at Mahan, Mahan-Bilaspur 400 kV D/C) is being developed as ISTS.

#### Dedicated lines constructed, owned and operated by the generator

Jindal India Thermal Plant (Line to Angul PS), Coastal Energen (Tuticorin PS), LANCO Anpara (Bilaspur PS), KSK Mahanadi (Champa PS) etc.

#### Dedicated lines shared by number of generators

There are also cases wherein the dedicated transmission line from the generating station to the Polling station is shared by a number of generators, like Seemhapuri-Meenakshi Thermal plants (Line to Nellore PS), ACB-Spectrum- Maruti Thermal Power Plants (Line to Bilaspur PS).

In view of the above, it is pertinent to mention here that there must be level playing field for all the varieties of Generators connected by means of dedicated lines to the pooling station. Hence, it is suggested that the Generators must pay for the transmission charges for the dedicated portion of the transmission line connecting the generating station to the pooling station, irrespective of whether the lines are constructed by themselves or by CTU/ISTS licensee.

#### **E. Other Comments / Suggestions**

- **Definition of Applicant as Captive Generating station clause 2.(1).b.(i).a**

*At present, A generating station with installed capacity of 250 MW and above, including a captive generating plant of exportable capacity of 250 MW and above may apply for connectivity to ISTS. Moreover, a bulk consumer of minimum 100 MW load can apply for connectivity to ISTS. There are some captive generators who need to procure Renewable power to meet its RPO obligation. Also, in case the captive generation is not available, then for meeting its own captive load, it may require to procure power from the grid.*

*To facilitate such types of Captive generators with load, it is suggested that that the definition as provided in the Regulation may be reframed as follows :*

*“A generating station with installed capacity of 250 MW and above, including a captive generating plant of exportable capacity of 250 MW and above **and/or intends to avail supply of load from the Inter-State Transmission System as applied in its connectivity application to CTU.**”*