



SIMHAPURI
ENERGY LIMITED
POWER TO PROSPER

Ref: SEL/PTD/CERC/2016-17/ 760

Date: 25th November, 2016

To
The Secretary,
Central Electricity Regulatory Commission,
3rd & 4th Floor, Chanderlok Building
36, Janpath,
New Delhi - 100 001
Fax: 011-23753923

Sub: SEL Comments on:

- (a) 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
- (b) Draft Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges & Losses) (Fifth Amendment) Regulations, 2016

Dear Madam,

This has reference to the public notice (Ref.: No. : L-1/210/2016/CERC dated 16-11-2016) inviting comments of the stakeholders on the proposed amendments to the above cited regulations.

We are thankful to the Hon'ble Commission for bringing in proposal to amend certain provisions under the regulations. We are submitting our suggestions and comments herewith for consideration by the Hon'ble Commission.

Thanking you,

Yours Faithfully
For Simhapuri Energy Limited

S Arun Kumar
GM - Power Trading.

Encl: Comments of SEL.

(600 MW COASTAL THERMAL POWER PLANT)

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Simhapuri Energy Limited

Comments and Suggestion on Proposed Draft Connectivity (Sixth Amendment) Regulations

S.No	Clause/Proposed Amendment	Comments/Remarks
1.	<p><u>Sub clause (a) under second proviso to Clause (8) of Regulation 8:</u> (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:</p>	<p>In case where augmentation of the common transmission network is required, it has to be taken care that the charges even for dedicated transmission line are</p> <ul style="list-style-type: none"> (a) Payable only if there is a delay in COD of the generator against the scheduled COD date. (b) Not payable if COD of the generator is achieved by scheduled date and the common transmission network is not completed/ power not getting scheduled even in STOA due to non-availability of margins within the existing system (For generator granted with LTA).
2.	<p><u>LTA Agreement:</u> 6 (b) This bank guarantee would be initially valid for a period of six months after the expected date of commissioning schedule of generating unit(s) mentioned at Annexure-1 or actual date of commissioning whichever is earlier.....</p>	<p>Regulation should provide for automatic return of the Construction BG 6 months after the actual commissioning of the generating station.</p>
3.	<p><u>Fourth proviso under regulation 15B:</u> Provided also that when capacity under existing MTOA are curtailed for considering scheduling of power under the PPA of the Long term Access Customer, such MTOA customer shall be permitted to relinquish its MTOA without any relinquishment charges.</p>	<p>A similar proviso may be provided for STOA customers also, as they will also face similar concern of unfeasibility of the curtailed schedule (2 days equivalent of transmission charges for downward revision).</p>
4.	<p><u>16B. Underutilisation of Long term Access and Medium term Open Access:</u> 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</p>	<p>The explanatory memorandum provides for "If such capacity is released under MTOA, generator will not be liable towards LTA charges for such reallocated capacity under MTOA". The same may also be incorporated in the regulation.</p> <p>This provision should also be made applicable to customers availing LTA under target region (LTA Billing in place), as the CTU should be able to</p>

	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	identify the portion of the underutilized system set up for the said customer and also part of which is being utilised towards MTOA/STOA by some other customer(s). The charges collected from such MTOA/STOA transactions should be directly offset against the charges payable by the original LTA customer.
5.	Clause 18 on Relinquishment of access rights	Now that LTA is being proposed to be between 7-25 years, LTA relinquishment charges, as decided by the Commission <u>after ascertaining the quantum requested for relinquishment by the Applicant is really stranded</u> , shall be also be considered only for the period falling short of 7 years against the existing 12 years.

Comments and Suggestion on Proposed Draft Sharing (Fifth Amendment) Regulations

S.No	Clause/Proposed Amendment	Comments/Remarks
1.	End of sub-clause (q) of clause (l) of Regulation 7 Provided also that Reliability Support Charge paid by a DIC under STOA shall be off-set against the quantum covered under Connectivity.	A proviso may be added for reimbursement of excess reliability charges collected as below: Provided also that Reliability Support charges collected from generators having connectivity over and above LTA + MTOA shall be reimbursed back to DIC paying charges under first bill in next month.
2.		In some of the instances, LTA billing has not commenced for generators even with the associated transmission having been commissioned by the CTU owing to non-execution of the TSA, BPTA/LTA having been executed much earlier. This has led to other DICs getting abnormally burdened. Suitable provisions like a specific time frame for execution of the TSA from the date of BPTA/LTA may be incorporated to ensure the above is avoided.

3.	<p><u>New sub-clause (y) to clause (1) to Regulation 7</u> No transmission charges and losses for the use of ISTS network shall be attributed to wind based generation for the projects awarded through competitive bidding and commissioned till 31.3.2019. This shall be applicable for a period of 25 years from the date of commissioning of such projects.</p>	<p>Presently, generators are already saddled with problems like stranded capacity due to lack of long term tenders and sharp decline in short term prices. The proposed waiver to renewables will further add to the burden in the form of increase transmission charges to the conventional generators. Therefore exclusive transmission corridor only for renewable may be planned.</p>
4.	<p><u>Sub-clause (l) of Regulation 9 of the Principal Regulations shall be substituted as under:</u> (1)The transmission charges for MTOA customers who are not availing LTA to target region for the capacity under MTOA shall be charged 1.25 times of the LTA POC rates as notified by the Commission from time to time. (2) The transmission charges for STOA customers who are not availing LTA to target region for the capacity under STOA shall be charged 1.35 times of the normal STOA POC rates as notified by the Commission from time to time.</p>	<p>These increased rates shall be undue burden on most of the customers. Take the case of smaller size generators, who are not eligible to even participate in Long term/Medium Term (DBFOO/FOO) tenders owing to smaller capacities (minimum bid quantum cannot be complied with), thereby never having opportunity to schedule their power under LTA. This increase in STOA charges will further add to their higher cost of generation. Hence, all generators cannot be perceived to be ‘gaming’ who are scheduling power only in the short term after getting connectivity, as it is the only way they can sell power in the absence of LT/MT Tenders and minimum quantum requirements if at all some of such tenders are available. Similarly, Industries are already burdened with deterrents for open access like CSS, Addl. Surcharge, wheeling charges etc. This premium in STOA charges will further hit open access, which is actually to be encouraged as per Electricity Act, 2003.</p>
5.	<p><u>Second proviso to clause (5) of Regulation 11 of the Principal Regulations shall be substituted as under:</u> “Provided further that while billing transmission charges for next month, the quantum of Medium-term Open Access to any region shall be adjusted against the quantum of Long-term Access to the target region without identified beneficiaries limited upto quantum of Long Term Access:” <u>First, Second and third proviso to clause (9) of Regulation 11 of the Principal Regulations shall be substituted as under:</u> "Provided that a DIC which has been granted LTA to a target</p>	<p>Generally the rate of charges paid by the generator under MTOA/STOA are higher than the rate of LTA charges to target region. Therefore simply adjusting the quantum of MTOA/STOA shall be a hit on the generator. The same also gets depicted in the example provided in the Explanatory Memorandum issued by Hon CERC reproduced below: “DIC “A” has LTA of 500 MW from WR to SR (Target Region). PoC Injection Rates (PoC + Rel. Supp. Charges + HVDC Charges) applicable to this DIC is Rs. 150000/- Per MW per Month. DIC will pay Rs. 75000000/-. In case DIC identifies beneficiary through MTOA for 200 MW and</p>

	<p>region and is paying injection charges for Long Term Access avails Short Term Open Access to any region, the quantum of Short Term Open Access shall be adjusted in the following month against the quantum of Long Term Access to target region limited to quantum of Long Term Access to the extent of the quantum for which DIC has paid charges.</p> <p>Provided further that a DIC, who has been granted Long-term Access to a target region, shall be required to pay PoC injection/ withdrawal charge for the Approved Injection/Withdrawal for the remaining quantum after offsetting the quantum for Medium-term Open Access, and Short-term open access to the extent of the quantum for which DIC has paid charges.</p>	<p>withdrawal rate of beneficiary identified is Rs. 200000/- Per MW per Month, then charges collected for MTOA of 200 MW from DIC is Rs. 40000000/-. In next month bill the DIC having LTA to target region have to pay PoC Charges for balance quantum of 300 MW after offsetting the quantum of MTOA of 200 MW @Rs. 150000 / MW i.e. next month's bill under LTA will be Rs. 45000000/-.”</p> <p>In the instant case there is an extra burden on the generator to the extent of Rs. 1 Crore. Hence it is always better to offset the exact charges already paid instead of simple adjustment of quantum.</p>
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