

# पावर सिस्टम ऑपरेशन कारपोरेशन लिमिटेड

(भारत सरकार का उद्यम)

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(A Govt. of India Enterprise)



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दिनांक: 17<sup>th</sup> अप्रैल 2017

सेवा मे,

सचिव,

केन्द्रीय विद्युत विनियामक आयोग,  
तीसरी मंजिल, चंद्रलोक बिल्डिंग,  
३६ जनपथ, नई दिल्ली -११०००११

विषय: POSOCO Inputs on draft CERC (Cross Border Trade of Electricity) Regulations, 2017

संदर्भ: CERC Public notice No. 13/2/7/2015-PM/CERC dtd. 07th April, 2017

महोदय,

With reference to the above-mentioned notice of the Honourable Commission, the POSOCO inputs on the draft Central Electricity Regulatory Commission (Cross Border Trade of Electricity) Regulations, 2017 are enclosed herewith for kind perusal.

सादर धन्यवाद,

संलग्न: As above

भवदीय,

एस एस बड़पंडा  
(एस.एस. बड़पंडा) 17/4/17  
अपर महाप्रबंधक

SRO

## **POSOCO Inputs on the Draft CERC (Cross Border Trade of Electricity) Regulations, 2017**

Government of India has notified Guidelines on Cross Border Trade of Electricity on the 5<sup>th</sup> December 2016 and subsequently, the Draft CERC (Cross Border Trade of Electricity) Regulations, 2017 have been notified. Cross Border transactions are already taking place with Nepal, Bhutan, Bangladesh and Myanmar and these Regulations provide the essential framework for the cross-border transactions in the future.

The inputs on the draft Regulations on behalf of the RLDCs/NLDC are as follows.

- 1) At the outset, the draft CERC Regulations should cover only the various aspects pertaining to the cross-border links and the cross-border transactions. Once, the power crosses the borders and enters India, all existing laws of the land, Regulations and procedures shall be applicable to the transactions and they would be treated accordingly. This would also avoid duplication or conflict with the existing Regulations especially in cases where the principal Regulation (such as Connectivity, LTA & MTOA, etc.) undergoes an amendment or the Regulations are revised. Hence, it is suggested that cross-referencing to the relevant Regulations may be used appropriately.
- 2) The cross-border Regulations mention 'connectivity' to be obtained by various agencies. In this context, it is pertinent to mention that 'connectivity' is always to be obtained by the generator or bulk consumer at the local grid interconnection point. For example, a generator located in Nepal should obtain connectivity with the Nepal Grid/system and then it can apply for 'cross-border transmission access' to enter into cross-border transactions with an entity in India. Likewise, on the Indian side, any generator or bulk consumer shall obtain connectivity with the Indian grid and can apply for cross-border transactions. Hence, 'connectivity' need not be covered in these Regulations and if at all they are covered, then it should be mentioned that 'connectivity' shall be with at the local grid interconnection point within the country where the entity is located.
- 3) The NLDC Rules, 2005 issued by Ministry of Power mention that NLDC is responsible for coordinating trans-national exchange of power and inter-regional exchanges. Presently, scheduling for cross-border transactions with Nepal and Bangladesh is already being done by NLDC, whereas Bhutan which has legacy transactions is being scheduled by ERLDC and supply to Myanmar is through Manipur. Nepal is connected to India at multiples points located in the Northern Region and Eastern Region. Bhutan is interconnected to the Eastern Region and the North-Eastern Region. Bangladesh is connected to Eastern Region and North-Eastern Region. Thus, neighbouring countries are getting connected to more than one Region in India and for the purpose of scheduling, metering, accounting and settlement, the proposed 'Settlement Nodal Agency (SNA)' is required to become a pool member in more than one Regional Pool under different RPCs.

Ministry of Power vide notification dated 25.03.2013 notified the establishment of National Power Committee (NPC). The functions of NPC include any issues affecting more than one region. Hence, it is proposed that the 'Cross Border Energy Account' may be issued by the NPC. Further, in order to streamline settlement of the cross-border the

National Pool Account may be operationalized. In this context, feedback given by NLDC dated 16<sup>th</sup> October 2009 is enclosed for ready reference.

- 4) At present, multiple SNAs have been designated for the same country. For example, the Nodal agency for availing STOA by Nepal through Tanakpur line is PTC and through Muzaffarpur line is NVVN. It is suggested that for the sake of clarity, only a single agency may be designated as SNA for one country.
- 5) From the Guidelines issued by the Ministry of Power and the Draft Regulations, it is clear that a Designated Authority (DA) shall bring out a Conduct of Business Rules (CBR) under which the cross-border applications would be handled. It is pertinent to mention that while granting the approval, the DA has to give approval regarding the eligibility of the foreign entity to undertake cross-border transactions with India and also approve the quantum of trade, duration of the trade and the transmission needed for such trade. CTU is responsible for long-term and medium-term transactions whereas the NLDC/RLDCs are responsible for short-term open access transactions. In this context, it is important to mention in the CERC Regulations that any entity applying for short-term transactions shall apply to the NLDC/RLDCs enclosing a valid approval of the DA which in effect becomes a kind of 'No-objection certificate' or 'Standing clearance' for cross-border transactions.
- 6) Under the present CERC Short Term Open Access Regulations, STOA transactions can be curtailed in case of transmission congestion by the concerned RLDC/NLDC. It would be prudent to mention in the cross-border Regulations that any short-term cross border transactions can be curtailed if
  - a. There is transmission congestion in either of the two neighbouring countries
  - b. If the system operator of the neighboring country requests NLDC, India for curtailment depending on conditions internal to the neighbouring country.

Further, it may be clearly specified that cross-border transactions are to be curtailed only after all measures including curtailment on within country transaction have been taken or in other words, cross-border transactions have a higher priority over other transactions.

- 7) Presently, RLDCs are carrying out e-bidding in case congestion is observed in 'advanced category' bilateral transactions. It is hereby suggested that in case congestion is observed in medium-term cross-border transactions, e-bidding may be carried out by CTU.
- 8) The definition 2(kk) defines the 'interconnection point'. The following modification is suggested for the sake of clarity:

***'Interconnection point'** means the point of interconnection between India and any of its neighboring countries where scheduling, metering, accounting and billing of electricity shall be done for the purpose of cross border trade of electricity. Such point shall be at a pooling station within Indian periphery from where the cross-border link originates.*

9) The concept of 'Lead generator' as defined in 2(II) is not be applicable for cross border transactions and may be removed. Further, definitions (dd) on 'Downstream system' and (ooo) on 'Upstream system' may be removed and these are only contextual in nature.

10) Regulation 3 gives the Scope of the Regulations and mentions as follows:

*"These regulations shall be applicable to all the participating entities in India and Its neighbouring countries which are engaged in cross border trade of electricity"*

It is pertinent to mention that the laws and regulations of India are not applicable beyond India's territorial boundary. Such statements are present at many places in the draft Regulations and it is suggested that these may be appropriately modified.

11) Regulation 9.4 states as follows:

*"...Generating Stations located in India and supplying electricity exclusively to neighbouring countries may be allowed to build independent transmission systems for connecting to the neighbouring country's transmission systems keeping the technical and strategic considerations in view and with the approval of the Government of India at the cost inbuilt in the agreement signed between Indian entity and the entity of the neighbouring country. Such approval will be under applicable section(s) of the Electricity Act, 2003, subject to complying with the technical and safety standards notified under various section of the Electricity Act, 2003..."*

Further, as per the definition of Cross Border Transmission link:

*"Cross Border Transmission Link' means the transmission link from the generating station or the pooling station of a neighbouring country to the interconnection point on the Indian Grid, as may be specified by the CTU based on the application for cross border transmission access."*

Also, Para 8.1.2 of the Govt. of India Guidelines on Cross Border Trade of Electricity mention the following:

*"The cross border transmission lines may be constructed between the pooling stations of one country to the pooling stations of the other country for secure, safe and controlled operation of the grid."*

It is further pertinent to mention that it is in the interest of the generating station to get connected to the local grid as it benefits from the 'reliability' support provided by the grid for example in terms of start-up power supply in case of a total generating station outage/failure.

In this context, the "Statutory Advice to Facilitate Cross Border Trade in Electricity" by CERC to the Ministry of Power dated 22<sup>nd</sup> March 2017 is very relevant and timely (copy available at [http://www.cercind.gov.in/2017/advisor\\_commette/CB.pdf](http://www.cercind.gov.in/2017/advisor_commette/CB.pdf))

12) Regulation 29 provides for Declaration of Transfer Capability as follows:

*The Total Transfer Capability (TTC), Transmission Reliability Margins and Available Transfer Capability (ATC) for the cross border trade of electricity transactions shall be assessed in advance by System Operators in India and the neighboring country and lower of the two values of ATC assessed by the two countries shall be considered for allowing cross border trade of electricity transactions. In India, TTC/ATC will be assessed 3 months in advance for Short Term Transactions by System Operator (NLDC) and for long term transactions for 4 years period by CTU which may be revised by CTU due to change in anticipated network topology or change of anticipated generation or load at any of nodes giving reason for such changes.*

In this context, it is pertinent to mention that as per the recent amendment issued by CERC, the duration for medium-term transactions has been specified as 5 years (earlier 3 years). Accordingly, the period for TTC/ATC declaration by CTU may be changed from 4 years to 5 years. The suggested changes are marked below:

*"..... In India, TTC/ATC will be assessed 3 months in advance for Short Term Transactions by System Operator (NLDC) and for ~~long~~ medium-term transactions for 4-5 years period by CTU which may be revised by CTU due to change in anticipated network topology or change of anticipated generation or load at any of nodes giving reason for such changes.*

13) Market Monitoring and Surveillance

Market monitoring checks must be in place for cross border transactions to ensure market integrity and check market abuse. Therefore, CERC Market Monitoring Cell (MMC) may analyze and provide information on cross border transactions on a periodic basis.

14) Reciprocity regarding Market Access

The regulatory framework may have provisions of reciprocal electricity market access of the participant countries in a non-discriminatory manner.

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