

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 12/SM/2017  
Alongwith I.A. No.54/2017**

Subject : Operationalization of LTA of Long Term Transmission Customers (LTTCs) as per Regulations 8(5) of the Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2010.

Date of hearing : 15.5.2018

Coram : Shri P.K. Pujari, Chairperson  
Shri A.K. Singhal, Member  
Shri A.S. Bakshi, Member  
Dr. M.K. Iyer, Member

Respondent : Central Transmission Utility

Parties present : Shri Swapnil Verma, CTU  
Shri Ashok Pal, CTU  
Shri Subir Sen, CTU  
Ms. Jyoti Prasad, CTU  
Ms. Manju Gupta, CTU  
Shri Abhay Chaudhury, CTU  
Shri Ashwin Ramanathan, Advocate, Dans Energy  
Ms. Swapna Seshadri, Advocate, Dans Energy  
Shri Anand K. Ganesan, Advocate, Dans Energy  
Shri Ravi Kishore, Advocate, Dans Energy  
Ms. Nehanjali, TUL

**Record of Proceedings**

The representative of CTU made a detailed presentation in the matter and submitted that the Commission vide RoP dated 15.10.2015 in Petition No. 229/RC/2015, directed CTU to operationalize the LTA of LTTCs in full or part in terms of Regulation 8 (5) of the Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2010 (Sharing Regulations). Subsequently, the Commission vide order dated 28.9.2016 in Petition No. 30/MP/2014 directed CTU to review the cases and take necessary action for operationalization of LTA including part LTA. Since, the CTU did not comply with the Commission's directions dated 15.10.2015 and 28.9.2016, the Commission vide order dated 19.7.2017 initiated proceedings under Section 142 of the Electricity Act, 2003 against the CTU for non-compliance of the provisions of the Regulation 8(5) of the Sharing Regulations. The representative of CTU further submitted that there are certain corresponding regulatory issues in operationalization of LTA as under:

- (a) Non-opening of LC: The major hurdle in operationalization of LTA is commissioning of the required transmission elements of the transmission system and readiness of the DIC/generator to make the payment. As per the Regulations, if the PPA is not signed or the generation gets delayed or generation project could not

be completed due to various reasons, the liability of payment is shifted on the generator.

(b) Relinquishment *en-masse* (specially on HCPTC Corridor): There are no immediate consequences on the party relinquishing the LTA as it is easier for them to opt out of the LTA and start injecting power in STOA/MTOA. In the absence of materialization of approved withdrawal or approved injection fully or partly, the concerned DIC should be obligated to pay the transmission charges and to provide payment security mechanism to the level of the related approved withdrawal or approved injection. However, immediately after receiving the request from CTU for opening of LC, the generator approached the Commission for seeking permission for relinquishment alongwith the request of non-payment of transmission/relinquishment charges due to Force majeure events or other difficulties.

(c) Abandonment of Generation Project/Adverse Progress: The Commission's direction to operationalize the LTAs without the opening of LCs as payment security mechanism, specifically in the case of IPPs with its generation yet to be commissioned/ project abandoned would be detrimental to the commercial interests of all the ISTS licencees. As some of the IPPs, upon receiving the letters for opening the LC, have approached the Commission for seeking relinquishment of their LTAs without relinquishment charges and when the Petition is pending, they have approached the Hon'ble High court for seeking stay against the billing of transmission charges towards the LTA.

(d) The Commission vide order dated 6.7.2017 in Petition No.103/MP/2017 had directed that CTU should take immediate steps to operationalize the LTA after commissioning of the transmission system without waiting for the LTA customers to open the LC. Subsequently, the Commission vide order dated 18.7.2017 in Petition No. 293/MP/2015 had directed that LTA should be operationalized and bills should be raised even in the absence of LC and in the event of failure to pay transmission charges, the LTA customers shall be denied STOA.

(e) Subsequent to the issuance of proceedings in the present petition, since 1.10.2017, CTU has operationalized 19 nos. of LTAs for 8750 MW without waiting for opening of LC. Previously, 6 nos. of LTA for 1825 MW has been operationalized from April, 2017 with the commissioning of Phase-I of 1<sup>st</sup> Bipole of Champa-Kurukshetra HVDC (1500 MW) and in some projects, LTA was part-operationalized.

(f) CTU requested and proposed to the Commission to allow the CTU to adopt the mechanism for the interim period, namely, (i) the construction phase bank guarantee (if available) should be encashed (if not already encashed) and the proceeds should be credited to the PoC pool alongwith any proceeds recovered from any other regulatory/ liquidation/court proceedings, and (ii) CTU should raise a separate bill on such generator not under PoC pool so as to continue to create liability on the generator and the ISTS licensee payments should be recovered under the PoC pool from the existing customers. The dues accumulated under such separate bills must be cleared by the LTA customer before being allowed to inject power under any mode of access viz. LTA, MTOA or STOA and once the dues are cleared by the concerned generator, the same should be credited back to PoC pool to give adjustment against the billing of existing LTA customers.

(g) As per Section 10(3) of the Electricity Act, 2003, the generating company is required to co-ordinate with the CTU or STU, as the case may be, for transmission of the electricity generated by it. As per Section 38(2) of the Electricity Act, 2003, the CTU is required to provide non-discriminatory open access to its transmission system and to ensure development of an efficient, co-ordinated and economical system of inter-State transmission lines for smooth flow of electricity from generating stations to the load centres. In this case, if the CTU has followed its functions, then it is the corresponding duty of the generator to pay the transmission charges and in case of default of payment by the generator then LTA ought to be cancelled alongwith the deemed relinquishment charges or any charges akin to relinquishment charges being imposed on them.

(h) The representative of CTU requested the Commission to recall the proceedings initiated under Section 142 of the Electricity Act, 2003 and to issue appropriate directions protecting the interest of the CTU in regard to the payment security mechanism and recovery of transmission charges with regard to operationalization of the LTAs when the system is ready.

2. On a specific query of the Commission as to what type of modifications CTU would suggest which could help the sector to balance the situation, the representative of the CTU sought permission to place on record the submissions in this regard.

3. The Commission observed certain discrepancies in the data submitted by CTU at *Annexure-B* of affidavit dated 7.12.2017 in respect of column "Operational LTA/LTOA" and "Status of LTA Operationalization as on October, 2017". Under the head 'Operational LTA/LTOA', the LTA for generators, namely, Monnet Power Company Ltd., Lanco Babandh Power Pvt. Ltd., etc., is operational whereas under the head 'Status of LTA Operationalization as on October, 2017', the LTA is not operationalized providing reasons thereof. The Commission directed CTU to provide the data clarifying the above discrepancies, on an affidavit, on or before 8.6.2018.

4. After hearing the representative of CTU, the Commission reserved order in the petition.

**By order of the Commission**

**Sd/-  
(T. Rout)  
Chief (Law)**