

**Central Electricity Regulatory Commission
New Delhi**

Explanatory Memorandum Draft 6th Amendment to Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges & Losses) Regulations, 2010

Waiver of ISTS charges and losses for wind and solar projects

- (1) Tariff Policy notified by Ministry of Power dated 28.1.2016 provides, at para 6.4 (6), as follows:

"In order to further encourage renewable sources of energy, no inter-State transmission charges and losses may be levied till such period as may be notified by the Central Government on transmission of the electricity generated from solar and wind sources of energy through the inter-state transmission system for sale."

- (2) In this regard, Ministry of Power had, vide Notification dated 30.9.2016 regarding ISTS charges and losses for solar and wind based projects, notified as follows:

"(i) For generation projects based on wind resources, no inter-state transmission charges and losses will be levied on transmission of the electricity through the inter-state transmission system for sale by such projects commissioned till 31.3.2019.

Provided that the above waiver will be available for a period of 25 years from the date of commissioning of such projects.

Provided further that such waiver will be available only for the projects entering into Power Purchase Agreements (PPAs) for sale of electricity to the Distribution Companies for compliance of their renewable purchase obligation.

For generation projects based on solar resources, no inter-State transmission charges and losses will be charged for use of inter-state transmission system (ISTS) network by such projects commissioned till 30.6.2017 as per the CERC (Sharing of Inter-State Transmission Charges and Losses) (Third Amendment) Regulations, 2015.

Provided that this waiver will be available for a period of 25 years from the date of commissioning of such projects.

Waiver will be allowed only to those solar and wind projects that are awarded through competitive bidding process."

- (3) Vide order No. 23/12/2016-R&R dated 14th June, 2017, Ministry of Power has modified the earlier order dated 30.9.2016 to extend waiver of ISTS transmission charges and losses for generation projects based on solar resources commissioned till 31.12.2019. The relevant portion of the said order dated 14.6.2017 is reproduced as under:

"Ministry of Power, in consultation with various stakeholders, hereby modify its order of even number dated 30th Sept., 2016 as under:

1.0 Para 3 (ii) of the aforesaid order be read as under:

For the generation projects based on solar resources, no transmission charges and losses will be charged for use of interstate transmission system (ISTS) network by such projects commissioned till 31.12.2019.

Provided further that the above waiver shall be available for a period of 25 years from the date of commissioning of such projects.

Provided further that such waiver will be available only for the projects entering into Power Purchase Agreements (PPAs) for sale of electricity to the Distribution Companies for compliance of their renewable purchase obligation.

2.0 The other terms and conditions of order No. 23/12/2016-R&R dated 30.9.2016 shall remain applicable.

...."

- (4) Accordingly, the Commission vide notification No. No.L-1/44/2010-CERC dated 14th December, 2017 notified the 5th Amendment to the Sharing Regulations whereby waiver of inter-State transmission charges and losses on transmission of electricity was extended for the projects based on solar and wind resources. The said waiver was available for solar based projects commissioned/ to be commissioned between 1.7.2017 and 31.12.2019 and for wind based projects commissioned/ to be commissioned between 30.9.2016 and 31.3.2019. The waiver was available for a period of 25 years from the date of commissioning of such projects and was only for the projects awarded through competitive

bidding process where PPAs have been entered for sale of electricity to DISCOMs for compliance of their Renewable Purchase Obligation (RPO).

- (5) Further, vide order No. 23/12/2016/R&R dated 13th February, 2018, Ministry of Power has extended waiver of ISTS transmission charges and losses for generation projects based on solar and wind sources of energy commissioned till 31.03.2022 in supersession of its earlier Order No. 23/12/2016-R&R dated 30th September, 2016 and Order No. 23/12/2016-R&R dated 14th June, 2017. The relevant portion of the said order dated 13th February, 2018 is reproduced as under:

“4.0 In supersession of Ministry of Power order No. 23/12/2016-R&R dated 30th September, 2016 and Order No. 23/12/2016-R&R dated 14th June, 2017, it is hereby notified that-

- i. For generation based on solar and wind resources, no interstate transmission charges and losses will be levied on transmission of electricity through the inter-state transmission system for sale of power by such projects commissioned till 31st March, 2022.

Provided that the above waiver will be available for a period of 25 years from the date of commissioning of such projects;

Provided further that above waiver will be available only for solar and wind projects entering into PPAs with all entities, including Distribution Companies, for sale of power from solar and wind projects for compliance of their renewable purchase obligation.

Provided further that the above waiver will be allowed only to those solar and wind projects that are awarded through competitive bidding process in accordance with the guidelines issued by the Central Government.

5.0 This Order, irrespective of the purchasing entity, shall be applied prospectively i.e. from the date of issue of Order. “

- (6) Based on above discussions, following amendment is proposed for solar and wind based generation:

(a) A new Sub clause (aa) to Clause (1) to Regulation 7 of Principal Regulations shall be added as under:

“(aa) No transmission charges and losses for the use of ISTS network shall be payable for the generation based on solar and wind power resources for a period of 25 years from the date of commercial

operation of such generation projects if they fulfill the following conditions:

- (i) Such generation capacity has been awarded through competitive bidding;
- (ii) Such generation capacity has been declared under commercial operation between 13.02.2018 till 31.3.2022;
- (iii) Power Purchase Agreement(s) have been executed for sale of such generation capacity to all entities including Distribution Companies, for compliance of their renewable purchase obligations.”

(b) In sub clause (y) to Clause (1) of Regulation 7, the date “31.12.2019” shall be substituted with the date “12.2.2018”.

(c) In sub clause (z) to Clause (1) of Regulation 7, the date “31.3.2019” shall be substituted with the date “12.2.2018”.

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