



Date: 24th December 2019

To,
Shri Sanoj Kumar Jha
Secretary,
Central Electricity Regulatory Commission,
Chanderlok Building, Janpath,
New Delhi

Subject: Suggestions /comments on the draft (Sharing of Inter State Transmission Charges and Losses) Regulations, 2019

Dear Sir,

We sincerely appreciate Govt. of India's and CERC's effort in providing conducive regulations and policies in promoting Renewable sources of energy. We are grateful for your continued guidance, and assurance you have offered, by enabling a robust and healthy policy environment to thrive in the country.

We would like to thank you for the opportunity to raise our key concerns & suggestions on the aforementioned subject.

We have enclosed our comments and suggestions on the matters pertaining to, in the attached document. We are sure that our suggestions on the issues described in the attached document, will restore sound, strategic market balancing decisions.

We express our sincere gratitude that most of the industry grievances in the past have been addressed time to time, which has helped the industry to make significant progress in deployment and scaling up of renewable projects across the country. We hope this policy conducive environment continues in order to add more energy from renewable sources.

Thanking you for your understanding, support and consideration.

With Sincere Regards


Ranjit Gupta
CEO, Azure Power

Azure Power India Private Limited

Regd. Office: 3rd Floor, Asset 301-304 and 307, Worldmark 3, Aerocity, New Delhi -110037

CIN: U40106DL2008PTC174774

+91 11 4940 9800

+91 11 4940 9807

info@azurepower.com

www.azurepower.com

ISTS Transmission Charges and Losses Regulation 2019 – Comments & Suggestions

S. No.	Clause	Particulars	Suggestion
1	New Clause to be inserted	Solar Power Generating project linked with solar manufacturing. Make this regulation consistent with MNRE directives.	<p>Suggestion: We request CERC to add transmission charges waiver clause for SECI's manufacturing linked bid (RfS No. SECI/C&P/RfS/2GW MANUFACTURING /P-3/R1/062019). As per the SECI PPA guidelines, the ISTS-transmission charges for the Projects under this bid will be eligible for waiver of such charges after 2022, in line with the MNRE directives.</p>
2	5 (5)	Transmission charges for National Component in respect of injecting DICs with untied LTA capacity shall be shared by such injecting DICs in the ratio of their untied LTA capacity.	<p>Suggestion: Clarity of non-application of transmission charges for injecting DICs in case of tied LTA capacity. Suggested addition: <u>Transmission charges for the National Component, shall be shared by the drawee DICs in the ratio of their quantum of Long-term Access plus Medium-Term Open Access. No Transmission charges for injecting DICs in case of tied LTA capacity.</u></p>
3	6(2)	Transmission charges covered under sub-clause (a) of clause (1) of this Regulation shall be shared by the Drawee DICs in the ratio of their quantum of Long Term Access plus Medium Term Open Access.	<p>Suggestion: Clarity of non-application of transmission charges for injecting DICs in case of tied LTA capacity. Suggested addition: <u>Transmission charges covered under sub-clause (a) of clause (1) of this Regulation shall be shared by the Drawee DICs in the ratio of their quantum of Long-Term Access plus Medium-Term Open Access. No Transmission charges for injecting DICs in case of tied LTA capacity.</u></p>
4	8 (5)	Transmission charges covered under AC-BC shall be apportioned to all drawee DICs in the ratio of their quantum of Long term Access plus Medium Term Open Access.	<p>Suggestion: Clarity of non-application of transmission charges for injecting DICs in case of tied LTA capacity. Suggested addition: <u>Transmission charges covered under AC-BC shall be apportioned to all drawee DICs in the ratio of their quantum of Long-term Access plus Medium-Term Open Access. No Transmission charges for injecting DICs in case of tied LTA capacity.</u></p>
5	7 (1)	Transformers Component shall comprise of transmission charges for inter-connecting transformers planned for drawal of power by the State . The list of such transformers for each State shall be provided by the Central Transmission Utility to the Implementing Agency.	<p>Suggestion: We request CERC to please specify which State body will be charged for the Transformers Components to help remove ambiguity.</p>

6	11 (1) (b) (iii)	Power Purchase Agreement(s) have been executed for sale of power from such generation capacity to the Distribution Companies for compliance of their renewable purchase obligation.	Suggestion: Request CERC to remove the clause on renewable purchase obligation. The purpose of renewable purchase obligation is to push Discoms to purchase renewable energy when the renewable energy prices were high and non-competent with other source of energy. Now, the renewable energy tariffs are lower than the conventional source of energy, the government can move away from RPO obligation as the sector is automatically driven by lower tariff cost.
7	11 (1) (c) (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	Suggestion: Request CERC to remove the clause on renewable purchase obligation. The purpose of renewable purchase obligation is to push Discoms to purchase renewable energy when the renewable energy prices were high and non-competent with other source of energy. Now, the renewable energy tariffs are lower than the conventional source of energy, the government can move away from RPO obligation as the sector is automatically driven by lower tariff cost.
8	11 (1) (c)	No transmission charges and losses shall be payable for the generation projects based on solar or wind resources for the use of ISTS, 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 process in accordance with the guidelines issued by the Central Government; and (ii) Such generation capacity has been declared under commercial operation between 13.2.2018 and 31.3.2022; and (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	Suggestion: The policy ISTS Transmission Charges and Losses waver timelines to be in line with the recent amendment notification from MNRE i.e. from 31 st March, 2022 to 31 st December, 2022 Additionally, if the SCD is extended for the project, the ISTS Transmission Charges and Losses waver should also be extended accordingly. Suggested Addition: (ii) Such generation capacity has been declared under commercial operation between 13.2.2018 and 31.12.2022; and <u>If there is a change in the project SCOD as approved by the Procurer/ appropriate Commission, the same extension shall also be provided to the SPD under its obligations to CTU/ PGCIL as well.</u>
9	11 (4)	Where COD of a generating station or unit(s) thereof is delayed and the Associated Transmission System has achieved COD, which is not earlier than its SCOD, the generating station shall pay Yearly Transmission Charges for the Associated Transmission System corresponding to capacity of generating station or unit(s) thereof which have not achieved COD. Provided that such transmission charges shall not be considered under Regulations 5 to 8 of these Regulations.	Suggestion: If the SCD is extended for the project, the ISTS Transmission Charges and Losses waver should also be extended accordingly. Suggested Addition: Where COD of a generating station or unit(s) thereof is delayed and the Associated Transmission System has achieved COD, which is not earlier than its SCOD, the generating station shall pay Yearly Transmission Charges for the Associated Transmission System corresponding to capacity of generating

			<p>station or unit(s) thereof which have not achieved COD. Provided that such transmission charges shall not be considered under Regulations 5 to 8 of these Regulations.</p> <p><u>If there is a change in the project SCOD as approved by the Procurer/ appropriate Commission, the same extension shall also be provided to the SPD under its obligations to CTU/ PGCIL as well.</u></p> <p><u>In case, the generating station is delayed, beyond the SCOD, then the charges should apply from the SCOD of generating station or COD of the transmission station, whichever is later.</u></p>
10	11 (6)	<p>Where operationalization of Long Term Access granted to a generating station is contingent upon COD of Associated Transmission System consisting of several transmission elements and only some of the transmission elements have achieved COD, the generating station may seek part operationalisation of Long Term Access. The Central Transmission Utility shall part operationalize Long Term Access corresponding to the capacity sought to be operationalised by the generating station, subject to availability of transmission system. The Yearly Transmission Charges for such transmission elements shall be included in Regulations 5 to 8 of these Regulations.</p>	<p>Suggestion: The generator should be compensated for the generation losses due to non-commissioning of Transmission elements.</p> <p>Suggested Addition: Where operationalization of Long Term Access granted to a generating station is contingent upon COD of Associated Transmission System consisting of several transmission elements and only some of the transmission elements have achieved COD, the generating station may seek part operationalisation of Long Term Access. The Central Transmission Utility shall part operationalize Long Term Access corresponding to the capacity sought to be operationalised by the generating station, subject to availability of transmission system. <u>The CTU should compensate for the generation losses to the generator for the remaining capacity which is not commissioned.</u></p>
11	11 (7)	<p>In case the generating station or unit(s) thereof has achieved COD and transmission system is delayed, the concerned transmission licensee(s) shall make alternate arrangement for dispatch of power in consultation with Central Transmission Utility at the cost of the transmission licensee(s). Provided that till such alternative arrangement is made, the transmission licensee(s) shall pay to the generating station the transmission charges proportionate to Long Term Access for the transmission system which is delayed.</p>	<p>Suggestion: The generator should be compensated for the generation losses due to non-commissioning of Transmission elements.</p> <p>Suggested Addition: In case the generating station or unit(s) thereof has achieved COD and transmission system is delayed, the concerned transmission licensee(s) shall make alternate arrangement for dispatch of power in consultation with Central Transmission Utility at the cost of the transmission licensee(s).</p>

			<p>Provided that till such alternative arrangement is made, the transmission licensee(s) <u>should compensate the generator for the generation losses from the COD of the generating station till the time transmission system achieved COD.</u></p>
12	11 (9)	<p>Generating stations drawing start-up power shall pay the transmission charges @Transmission Deviation Rate for the State in which they are physically located.</p> <p>Provided that the amount received on account of payments towards drawal of start-up power shall be reimbursed to the DICs under the First Bill in proportion to their shares in the First Bill in the month next to Billing month.</p> <p>Provided that where transmission element(s) have been declared COD before its SCOD on request of a generating station for drawal of start-up power, the generating station shall instead pay Yearly Transmission Charges for such transmission element(s) till the generating station achieves COD.</p> <p>Provided further that Transmission Deviation Rate shall not be applicable for generating stations covered under clause (4) of this Regulation for drawal of start-up power.</p>	<p><u>Suggestion: The concept of start-up power is for the Thermal power generating stations and should not be used for Solar Power generating stations. The Solar Power generating stations use Auxiliary power which should be netted out from power exported and not billed as import power.</u></p>

13	11 (11)	<p>Where a transmission system has been declared to have achieved deemed COD in terms of Transmission Service Agreement under Tariff Based Competitive Bidding (TBCB) or the Commission has approved the date of commercial operation of such transmission system in terms of clause (2) of Regulation 5 of Tariff Regulations, 2019 or proviso (ii) to clause (3) of Regulation 4 of the Tariff Regulations, 2014, the transmission licensee or generating company whose transmission system or generating station or unit thereof is delayed shall pay the transmission charges of the transmission system till the generating station or unit thereof or the transmission system achieves COD.</p> <p>Provided that where more than one transmission licensee or both transmission licensee and generating station are getting delayed, the proportionate sharing of above' transmission charges shall be as decided by Commission.</p>	<p>Suggested Addition:</p> <p>Where a transmission system has been declared to have achieved deemed COD in terms of Transmission Service Agreement under Tariff Based Competitive Bidding (TBCB) or the Commission has approved the date of commercial operation of such transmission system in terms of clause (2) of Regulation 5 of Tariff Regulations, 2019 or proviso (ii) to clause (3) of Regulation 4 of the Tariff Regulations, 2014, the transmission licensee or generating company whose transmission system or generating station or unit thereof is delayed shall pay the transmission charges of the transmission system till the generating station or unit thereof or the transmission system achieves COD.</p> <p>Provided that where more than one transmission licensee or both transmission licensee and generating station are getting delayed, the proportionate sharing of above' transmission charges shall be as decided by Commission.</p> <p><u>These charges should apply from the SCOD of generating station or COD of the transmission station, whichever is later. If the COD of the Transmission system is later than the COD of the generating plant, then the transmission licensee has to pay.</u></p>
----	---------	--	--