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To: "Sanoj Kumar Jha Secretary" <secy@cercind.gov.in>,"Shilpa Agarwal" <shilpa@cercind.gov.in>

Cc: Balaji.S@gmrgroup.in

Subject: **GMR Comments on draft CERC PoC Regulations 2019**

Dear Sir

Please find attached **GMR** comments on the CERC (Sharing of Inter-State Transmission Charges & Losses) Regulations 2019.

Best Regards

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GMR Comments on Draft CERC Sharing Regulations

S.No	Reference	Draft Regulations	Suggestions / clarification
1.	Regulation 5.2	<p>5. Components and sharing of National Component (NC)</p> <p>.....</p> <p>(2) National Component-Renewable Energy shall comprise of transmission charges for transmission systems developed for renewable energy projects as identified by the Central Transmission Utility.</p>	<ul style="list-style-type: none"> • Transmission cost pertaining to system developed for Renewable Energy projects should be recovered from the respective user renewable projects. • We understand from the explanatory memorandum that such cost shall be shared by the drawee DIC of all India. • We humbly submit that no transmission cost of renewable systems should be loaded on other DICs. • If there are transmission cost waivers provided to renewable projects, the same should be met with direct Govt subsidies. • Since most of the renewable projects are operational only for 20% of the time during any financial year, it is essential that Hon'ble Commission ensure that burden of such huge under-loading of lines is not passed on the thermal generators and also to the end consumers of discoms.
2.		<p>5. Components and sharing of National Component (NC)</p> <p>(1) National Component shall be the sum of following components:</p> <p>(a) National Component-Renewable Energy (NC-RE); and</p> <p>(b) National Component-HVDC (NC-HVDC).</p>	<ul style="list-style-type: none"> • As per explanatory memorandum, 30% transmission charges for HVDC bipole shall be shared among ISTS customers of all regions in the ratio of their LTA+MTOA capacity. • We understand that HVDC implementation is not linked to the DIC approval and a number of lines have been constructed for system strengthening with low correlation to the direct utilization of DICs. • We request HVDC charges should also be based on the idea of usage and not normative allocation of 30% to all ISTS customers.
3.		<p>7. Components and sharing of Transformers Component (TC)</p>	<ul style="list-style-type: none"> • As per explanatory memorandum, transformer component cost shall be excluded from monthly transmission charges

			<p>to determine AC component transmission charges.</p> <ul style="list-style-type: none"> • However, it is not clear how the cost of TC will be ascertained as CERC determines Capital Cost and ARR for Transmission Lines and Sub-stations and there is no segregation of TC. • It is requested to bring more clarity on this part to ensure there is no under / over invoicing problem in future.
4.	Regulation 9	<p>9. Computation of share of transmission charges under AC-UBC</p> <p>.....</p> <p>(5) Percentage usage of each transmission line shall be computed by dividing power flow in the Base Case as obtained at clause (4) of this Regulation by Surge Impedance Loading of the line.</p> <p>(6) Percentage usage of each transmission line computed at clause (5) of this Regulation shall be multiplied by line-wise Yearly Transmission Charges obtained as per clause (3) of this Regulation to obtain modified line-wise transmission charges.</p>	<ul style="list-style-type: none"> • As per explanatory memorandum, ex-post principle shall be considered for utilization and allocation of quarterly transmission charges. • We appreciate and agree that ex-post is a more realistic approach than ex-ante. • However, the methodology of AC-BC (Balance component) is not very clear in the Regulations. • Based on the actual usage, the balance component should be recovered on a prorata basis (balance transmission capacity charge) from the concerned DICs.
5.		<p>11. Transmission charges in specific cases</p> <p>.....</p> <p>(5) Where Long Term Access to ISTS is granted to a generating station on existing margins and COD of the generating station or unit(s) thereof is delayed, the generating station shall pay transmission charges @10% of transmission charge for the State where it is located for the quantum of such Long Term Access.</p> <p>Provided that the amount received on account of payments in the month towards such Long Term Access shall be reimbursed to the DICs in proportion to their shares under the First Bill in the following month.</p>	<ul style="list-style-type: none"> • As per explanatory memorandum, in case either upstream or down-stream system is not ready due to which an element cannot be put in regular service, the transmission charges for such element shall be payable by owner of upstream or down-stream system which is delayed. • Such change in the regulations is appreciated as it will lead to cost reflective transmission tariff. • However, it is requested that Hon'ble Commission may put across clear terms & conditions for commissioning of transmission lines and systems. • We want to put across a similar issue faced by DICs (in DNH zone) where the transmission PoC charges have increased by almost 100% in 2 years without any material change in the usage. Hon'ble

		<p>Provided that such Long Term Access shall be excluded for computation under Regulations 5 to 8 of these regulations.</p> <p>(11)... 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>Commission's directions on such specific issues would help in cost reflective transmission charges for all concerned DICs.</p>
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