

# **Comments on Draft CERC (Sharing of Inter-State Transmission Charges & Losses) Regulations, 2019**

**NHPC Limited**  
**29.01.2020**

<b>Regulation No.</b>	<b>Content</b>	<b>Comments of NHPC</b>
Regulation 2(1)	Definitions	<p>‘Implementation Agreement’ is not defined in the proposed draft Regulations whereas the same is defined in CERC Tariff Regulations, 2019. In order to have consistency with CERC Tariff Regulations, 2019, the definition of ‘Implementation Agreement’ needs to be provided in proposed Regulations as under:-</p>

<p>Regulation 2(1)</p>	<p>Definitions</p>	<p>‘Implementation Agreement’ means any agreement or covenant entered into (i) between the transmission licensee and the generating company or (ii) between transmission licensee and developer of the interconnected transmission system for the execution of generation and transmission projects in a coordinated manner, laying down the project implementation schedule and mechanism for monitoring the progress of the projects;</p> <p><b><u>Explanation:</u></b>  <b>The introduction of above definition is essentially <u>required to address the issue of mismatch in declaration of COD</u> of generating station &amp; associated transmission system.</b></p>
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Regulation  
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.

As per proposed Regulation, if COD of the generating station is delayed and the associated transmission system has achieved COD, the generating station is supposed to make payment of **Yearly Transmission Charges (YTC)** (corresponding to the capacity of generating station not declared under COD) as compensation. In this regard, NHPC requests the Hon'ble Commission that the following aspects need to be suitably incorporated in the proposed Regulations:-

<p>Regulation 11(4)</p>	<p>Provided that such transmission charges shall not be considered under Regulations 5 to 8 of these Regulations.</p>	<p>Prior availability of transmission system <u>minimum for a period of 30-45 days</u> prior to COD of the first generating unit of a hydro generating station is essentially required for testing &amp; commissioning of hydro generating units / station. There are specific requirements under Regulation 6.3A of IEGC for trial operation of a generating unit. Therefore, transmission system (grid voltage) availability shall always be preceding to COD of generating units. The generating company and transmission licensee shall endeavour to commission the generating units / station and the transmission system in a co-ordinated manner by catering the above aspect, and the same needs to be ensured through appropriate Implementation Agreement.</p>
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Regulation  
11(4)

During the testing & commissioning period and till declaration of COD of first unit of Power Station, hydro generating stations should be excluded from the purview of payment of any penalty by way of 'Yearly Transmission Charges'.

Even after providing the above suggested mechanism for addressing the issue of mismatch in COD of generating station with associated transmission system through implementation agreement, if the COD of first unit of generating station gets delayed as compared to the schedule mentioned in the implementation Agreement, then provision may be kept for payment of transmission charges by the generating station pro-rata to the period of delay instead of 'Yearly Transmission Charges' so as to bring consistency with the Tariff Regulations, 2019.

Regulation  
11(4)

Further, in case COD of first unit of generating station gets delayed beyond days of COD of Transmission line, the transmission charges to be paid (on prorata basis of Yearly Transmission Charges) needs to be set off against the revenue generated from the infirm power and the balance amount (if any) should only be deducted from the capital cost of the Hydro project for the purpose of determination of tariff.

<p>Regulation 11(7)</p>	<p>In case the generating station or unit(s) thereof has achieved COD and <b>transmission system is delayed</b>, the concerned transmission licensee(s) shall make <b>alternate arrangement for dispatch of power in consultation with Central Transmission Utility at the cost of the transmission licensee(s).</b></p>	<p>As per proposed Regulation, if COD of the transmission system is delayed and the generating station has achieved COD, the transmission licensee is supposed to make <b>alternate arrangement for despatch of power</b> and till such alternative arrangement is made, the <b>transmission licensee is liable to make payment of <u>transmission charges</u> to the generating station as a penalty.</b> In this regard, the following points are submitted:</p> <ol style="list-style-type: none"> <li>1.The declaration of COD of generating station &amp; associated transmission system needs to be managed through appropriate implementation agreement.</li> </ol>
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<p>Regulation 11(7)</p>	<p>.....          Provided that till such alternative arrangement is made, <b>the transmission licensee(s) shall pay to the generating station the transmission charges</b> proportionate to Long Term Access for the transmission system which is delayed.</p>	<p>2. As Hydro power projects are generally located in remote areas and dedicated lines are being planned in most of the cases for evacuation of power, the provision for providing alternate arrangement for dispatch of power in case of non declaration of COD of associated transmission system is not practically feasible.</p> <p>3. Further, the proposed Regulation limits the compensation recoverable by generating company by just <u>transmission charges only</u> in case of delay in declaration of COD of associated transmission system. <b>It is to be noted that Hydro generating stations incurs a loss of AFC (Capacity charges + Energy Charges) for the duration of delay in COD of transmission system and the same is not commensurate with the compensation in terms of transmission charges.</b></p>
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<p>Regulation 11(7)</p>	<p>..... .....</p>	<p>It is therefore suggested that <u>the generating company should also be able to recover its full AFC for the duration of this delay.</u></p> <p><b>The above aspects need to be suitably covered in the proposed Regulations so as to have an <u>equitable approach</u> for both the utilities viz. generating stations &amp; transmission licensees.</b></p> <p><b><u>Alternative Suggestion:</u></b></p> <p>As Hydropower projects are located in remote areas and dedicated lines are being planned for evacuation of power, the delay in construction of transmission line in-turn results in delay in COD of Hydropower Projects, which leads to increase in IDC and IEDC of the Hydro Project for the period of delay i.e. duration between date at which Hydropower project is ready for</p>
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Regulation

11(7)

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commissioning and date at which hydro power project is actually commissioned after availability of Transmission line. **It is therefore proposed that instead of payment of transmission charges for the period of delay, provision for payment of IDC and IEDC incurred by the Hydropower developers during the period of delay of transmission line upto COD of Hydro Power Project may be considered to be compensated by Transmission Licensee.**

Regulation  
11(11)

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.

The comments provided against Regulation 11(4) and 11(7) are equally valid in case of Regulation 11(11) also.

A vibrant, surreal landscape featuring a large, bright yellow sun in the upper left corner, casting a long, colorful rainbow across the sky. The sky is a mix of deep blue and purple hues, with wispy white clouds. In the foreground, several large, purple flowers with yellow centers are in bloom, set against a backdrop of rolling hills and a distant cityscape. The overall scene is dreamlike and celebratory.

**THANK YOU**