

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 187/MP/2020

Coram:

Shri P. K. Pujari, Chairperson

Shri I. S. Jha, Member

Date of Order: 15.05.2020

In the matter of

Petition under section 79(1)(c) of the electricity act, 2003 read with section 79(1)(k) of the Electricity Act, 2003 along with regulation 111 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, seeking appropriate direction(s) and / or order(s) from this Hon'ble Commission in relation to provisions of the Central Electricity Regulatory Commission (Grant of Connectivity, long-term access and medium-term open access in inter-state transmission and related matters) Regulations, 2009 and further seeking the Commission to issue consequential directions to Power Grid Corporation of India Limited in terms of the relief sought in the present petition.

And

In the matter of

ReNew Solar Power Private Limited
Commercial block-1, zone 6,
Golf course road,
DLF city phase-v
Gurgaon, Haryana – 122 009

Petitioner

Versus

1. Power Grid Corporation of India Limited
Saudamini, Plot No.2,
Sector 29, Gurgaon
Haryana-122 001

2. Ministry of New and Renewable Energy
Through its Secretary
Block-14, CGO Complex,
Lodhi Road, New Delhi-110 003

3. Power System Operation Corporation Limited (POSOCO)
Through: Chairman/ Managing director
B-9 (1st Floor), Qutab Institutional Area,
Katwaria Sarai, New Delhi -110016

4. Solar Energy Corporation of India Limited
Through: Chairperson
I ST Floor, A-Wing, 0-3,
District Centre, Saket,
New Delhi- 110017

.....**Respondents**

Parties Present: Shri Sanjay Sen, Sr. Advocate, RSPPL

ORDER

The Petitioner, Renew Solar Power Private Limited has filed the instant Petition with the following prayers:

(a) Allow the present Petition;

(b) Direct Power Grid Corporation of India to pre-disclose the Relinquishment Charges payable by the relinquishing entity prior to acceptance of its formal application seeking relinquishment of open access rights; and

(c) Pass such other order(s) that this Hon'ble Commission may deem fit in the interest of equity and justice.

Submissions of the Petitioner

2. The Petitioner, ReNew Solar Power Private Limited (RSPPL) is an independent power producer in the renewable energy sector and a generating company within the meaning of Section 2(28) of the Electricity Act, 2003. The Petitioner has successfully participated in various biddings undertaken by State Distribution Companies or through intermediaries such as SECI (Respondent No. 4) and NTPC (National Thermal Power Corporation Ltd.) in accordance with Competitive Bidding Guidelines notified by the Central Government under Section 63 of the Electricity Act, 2003. The Petitioner was accorded approval for LTA (Long Term Access) for 250 MW for transfer of power from its proposed 250 MW Solar PV Project at Bikaner, Rajasthan, on Target Region basis (Western Region). In accordance with the conditions mentioned in the LTA grant letter, the Petitioner also executed a Long Term Access Agreement with PGCIL on 2.2.2019.

2. The Petitioner has sought remedy for the issues relating to relinquishment charges in case of renewable energy projects. The Commission in its order dated 08.03.2019 in Petition no. 92/MP/2015 has laid down the mechanism to calculate relinquishment charges. As per the said Order of the Commission, PGCIL (Respondent No. 1) has been directed to conduct load flow studies to compute if any stranded capacity is created when an entity relinquishes its LTA and to calculate consequent relinquishment charges.

3. MNRE vide its letter dated 13.02.2018 notified that generation projects based on solar and wind resources need not pay inter-State transmission charges for sale of power from projects commissioned till 31.3.2022.

4. Regulation 18 of the Central Electricity Regulatory Commission (Grant of Connectivity, long-term access and medium-term open access in inter-state transmission and related matters) Regulations, 2009 (hereinafter referred to as "Connectivity Regulations") does not provide for any basis for calculation of compensation or an estimate of compensation to be paid by a long term open access customer i.e. the Petitioner, a solar project developer in order to avail the right to relinquish the long term open access. The input data for calculation of stranded capacity and consequent relinquishment charges is not available to the Petitioner nor is it possible for the Petitioner to undertake such calculation based on the pre-estimates of relinquishment charges. PGCIL and POSOCO (Respondent No. 3) are data repositories and are bearer of information which is required for calculation of stranded capacity and consequent relinquishment charges.

5. Any ambiguity regarding relinquishment charges may be cured, if PGCIL/ POSOCO at the request of the renewable energy developers such as the Petitioner initiate a pre-relinquishment study and conducts the load flow study to estimate the relinquishment charges to be payable by the renewable power developer, to enable it to take suitable and more business like decisions. The load flow studies and system studies may entail certain costs, which may be borne by the party who seeks pre-estimation of relinquishment charges.

6. The Commission in its Order in Petition No. 252/MP/2019 has directed PGCIL to provide information/ documents necessary for verifying relinquishment charges to certain power developers. Such direction has been made by the Commission to afford transparency and fairness in the process of relinquishment being supervised and moderated by the CTU/PGCIL.

7. The Commission in its Order dated 8.3.2019 in Petition No. 92/MP/2015 has already observed and held that the relinquishment charges are in the nature of “compensation” payable to PGCIL for the infrastructure being built for the developers. However, a peculiar case has arisen in case of renewable energy developers since the cost of transmission infrastructure is being socialised and the transmission charges are exempted. As such, there is no occasion for compensating PGCIL in case of relinquishment of open access. Therefore, pre-disclosure of relinquishment charges is necessary for the renewable energy projects since these projects are exempted from payment of transmission charges by the Government of India.

8. The Connectivity Regulations does not provide for any basis for calculation of compensation or an estimate of compensation to be paid by a long-term access

customer i.e. the Petitioner that is a renewable energy project developer, in order to avail the right to relinquish long-term access. It is only fair that the input values considered while calculating the stranded capacity and relinquishment charges be made known to the prospective entity who wishes to relinquish LTA. An estimate of the charges to be paid by solar project developer to the CTU be known to the Petitioner upfront i.e. ex-ante rather than post facto, for it to enable take an informed decision.

9. CTU/PGCIL/POSOCO being repository of all the transmission related data, they are at a better footing to examine requests made by the likes of the Petitioner and upon payment of certain costs towards undertaking system studies (if required), pre-disclose the relinquishment charges to such Renewable Power Developer. It is only equitable that such compensatory payment is pre-disclosed before the same is imposed upon the Renewable Power Developer for relinquishing open access rights.

10. The relinquishment charges are to be calculated on the basis of transmission charges being payable by the relinquishing entity. It is, therefore, important to seek indulgence of the Commission to seek clarity as to payment of relinquishment charges where the relinquishing entity is exempted from payment of transmission charges.

11. The Petition was listed for hearing on 5.3.2020. After hearing the learned senior counsel for the Petitioner, the Commission reserved the order.

Analysis and Decision

12. We have heard the submissions of the Petitioner. The Petitioner has filed the present Petition seeking direction to PGCIL to pre-disclose the relinquishment charges payable by the relinquishing entity prior to making an application seeking relinquishment of LTA. The Petitioner has submitted that if relinquishment charges are known ex ante

rather than post facto, it would enable the Petitioner to take an informed and business-like decision.

13. It is observed that the Petitioner has been granted LTA for 250 MW with connectivity at 400kV Bikaner S/s (Powergrid) for a period from 26.10.2019 to 25.10.2044, vide intimation dated 31.1.2019. The LTA agreement was signed on 21.2.2019.

14. Regulation 18 of the Connectivity Regulations provides for relinquishment of long term access rights by an LTA customer. The detailed methodology to be followed to calculate the relinquishment charges on relinquishment sought by the LTA Customer has been elaborated in Order dated 8.3.2019 in Petition No. 92/MP/2015. Relevant extract of the Order is quoted below:

“121. The Commission after due consideration of the provisions of the Connectivity Regulations and IEGC, the submission of the parties and need for assessment of the stranded transmission capacity through load flow studies has devised a methodology to be followed for determination of stranded transmission capacity. The methodology for determination of stranded capacity is as under:

Step 1 (Base case)- An All India base case is required to be prepared based on the actual peak load for the month in which completion of all transmission lines/substations in each of the High Capacity Power Transmission Corridor or identified augmentation has been completed in the month in which commissioning of the last transmission line or substation element in the identified augmentation occurred. CTU shall identify the month as above and POSOCO shall provide the base case for this month based on peak load scenario used for TTC computation by POSOCO. Such base case file should include all the identified transmission system as above. On the base case file provided by POSOCO, CTU shall also include all generators who have either relinquished or abandoned in the concerned HCPTC corridor/augmentation. The injection of the generators who have relinquished the LTA or abandoned the project shall be considered as equal to the LTAs granted to the generators. For Long Term Customers who have relinquished after the above identified month, the base case scenario shall be considered based on actual peak load for the month in which relinquishment is effective. For load generation balance, generation from other existing generators in the same region, shall be reduced on pro-rata basis.

Step 2 (Relinquished scenario)- The generators in each of the High Capacity Power Transmission Corridor/identified augmentation of transmission systems who have relinquished/abandoned shall be removed from the above base case or their injection shall be reduced by their relinquished quantum resulting into revised power flow under

relinquished scenario. The generation from other existing generators in the same region shall be correspondingly increased.

Step 3- The transmission lines/substations covered under the system augmentation in terms of the respective BPTA/LTA agreements of generators which have relinquished the capacity or abandoned the project shall be segregated and separately listed for use in Step 4 below.

Step 4-Flow in Step 1 (Base case), Step 2 (Relinquished scenario) and Step 3, i.e., in the transmission lines covered under BPTA/LTA agreements of generators who have relinquished the capacity or abandoned their projects shall be captured.

Step 5-In case there is reduction in the flow, the difference in the transmission line flows between the Base case and the Relinquished scenario shall be treated as the stranded capacity of the line. In cases where there is increase in flow, the stranded capacity shall be considered as zero. Except for the cases where the stranded capacity is to be considered as zero, the percentage capacity of a particular line stranded is to be determined by dividing the difference obtained above by the loadability of the line as explained herewith. If the difference in two cases (Base case vis-à-vis Relinquished scenario) for individual lines is more than maximum quantum relinquished for the entire corridor/identified augmentation, the difference between the line flows shall be capped upto relinquished quantum for the corridor/ identified augmentation. The loadability of the line shall be considered as per loadability indicated by CTU on its website for ATC/TTC for the relevant period.

Step 6- Steps 1 to 5 shall be repeated for all the corridors based on the date of commissioning of the last transmission line/substation in that corridor. In case the transmission system planned under a particular corridor is under execution (i.e. the corridor is yet to be commissioned), the base case shall be prepared on the present peak load considering such elements as commissioned in the base case. Step 7-The base case should be N-1 and N-1-1 compliant as per CEA Transmission Planning Criterion, 2013. , Where the base case is not compliant with CEA Transmission Planning Criterion, 2013, the generation of the generating projects who have relinquished or abandoned the project shall be reduced on pro-rata basis to make the system N-1and N-1-1 compliant. The quantum of such reduced generation is to be recorded separately as this quantum will not attract any charges towards stranded capacity.

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152. We have considered submission of Respondents. We are of the view that in case there are applicants for grant of LTA against the relinquished capacity in the same corridor, the relinquishment charges shall be calculated for the period starting with the date of relinquishment of LTA till the effective date of LTA of new LTA customer depending on its quantum of LTA."

15. As per above Order, it is observed that calculation of relinquishment charges depend upon various factors such as notice period, load flow scenario, applicants for grant of LTA against the relinquished capacity in the same corridor etc. We observe that unless the Petitioner relinquishes the LTA, it would not be possible for CTU/PGCIL to

calculate such charges since the conditions as stated above cannot be envisaged exactly by the CTU/PGCIL. We have already provided detailed methodology for carrying out the calculations and it is for the Petitioner to make an estimate as per the provided methodology, based on available information in public domain and any other information to which the Petitioner is privy to.

16. The Petitioner has also contended that pre-disclosure of relinquishment charges is necessary for renewable power projects since these projects are exempted from the payment of transmission charges by the Government of India. In our opinion, the contention of the Petitioner is misplaced. A renewable power project is exempted from payment of transmission charges and losses for use of transmission system, only if it satisfies the conditions of waiver of transmission charges and losses. However, there is no exemption from payment of relinquishment charges either for a conventional generator or a renewable energy generator and the same shall be payable in accordance with Regulation 18 of the Connectivity Regulations and Order of the Commission dated 8.3.2019 in Petition No. 92/MP/2015.

17. In light of above, we do not find any merit in the prayers of the Petitioner and, therefore, are rejected.

18. Petition No. 187/MP/2020 is disposed of in terms of above order.

sd/-

(I.S. Jha)
Member

sd/-

(P. K. Pujari)
Chairperson